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NEWS SUMMARY

GENERAL
Ulster trike costs 25m.
Loyalists' strike has cost here Ireland over £25m. in days, according to Government estimates. But at the port...
BUSINESS
Equities up 13.6 on strong buying
EQUITIES rose sharply as buyers entered the market in force, encouraged by optimism about the trade figures due to-day. The FT 30-Share Index, 16.5 ahead at 3 p.m., eased on...

Japanese oppose more concessions on shipbuilding
EUROPEAN shipbuilders can expect little more action from Japan to reduce the competitiveness of its shipyards. Page 6

Shell seeks dividend exemption
SHELL Transport and Trading will renew its request for exemption from U.K. dividend control. This was stated yesterday...

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Table with columns: CHIEF PRICE CHANGES YESTERDAY, RISSES, FALLS. Lists various stock and commodity prices.

Tory commitment on devolution inoperative—Pym

BY RAY PERMAN, SCOTTISH CORRESPONDENT, IN PERTH

A major row seems likely to break out in the shadow Cabinet over a remark by Mr. Francis Pym, Tory devolution spokesman, last night that the Conservative devolution commitment is now "inoperative."

In his speech to the Scottish Tory Party conference at Perth, Mr. Pym stuck to a compromise agreed between supporters and opponents of devolution. It was that he should call for fresh talks between the parties, but that he should not give the impression that the policy favouring a directly elected assembly for Scotland was being renounced. But, questioned afterwards, he used the phrase first employed to revoke President Nixon's Watergate denials. The commitment made by Mr. Heath to the Scottish conference in his 1968 "Declaration of Perth" was "inoperative, just as every other commitment by every other party is also inoperative" because of the collapse of the devolution Bill.



Mr. Francis Pym stuck to compromise.

Mr. Pym told the conference that there should be an all-party convention or a select committee to reconsider devolution. He said that the Government's Bill, said he had been saddened by Mr. Pym's call for more and more time. He would have been bitterly disappointed if there was any drawing back from the party's stance.

Prior urges advice forum on pay deals

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

THE CONSERVATIVE Party, actively a pre-election period. Dealing with the economic preconditions for a central agreement between the parties, he says: "If the united approach of keeping a tight rein on money supply is maintained and if in the field of public spending we can properly distinguish what would be pleasing from what is really necessary, then we will have taken a fundamental step to get us out of our economic difficulties."

Row on Jay post grows

By Richard Evans, Lobby Editor

THE INQUEST over the appointment of Mr. Peter Jay as British Ambassador to Washington, became a major political row last night after allegations of a smear campaign mounted by the Government against Sir Peter Ramsbotham, the outgoing envoy.

Corset controls extended for further six months

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BANK of England is extending for a further six months the so-called corset system of controls on the growth of the banking system's resources on an unchanged basis. The extension was announced yesterday by the Bank with the intention of helping to ensure that domestic credit expansion and the rate of growth of sterling money supply remain within the limits set.

Two Dunford and Elliott directors resign

BY TERRY WILKINSON, CITY STAFF

TWO senior directors have resigned unexpectedly from the Board of Dunford and Elliott, the Sheffield steel and engineering group, which was taken over earlier this year by Loughborough, the international trading group.

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Shell seeks dividend exemption

BY CHRISTOPHER DUNN

SHELL Transport and Trading will renew its request for exemption from U.K. dividend control. This was stated yesterday by Mr. Michael Pocock, chairman of the British portion of the Royal Dutch/Shell group, at the annual meeting in London.

ONCE YOU'RE IN TUNE YOU HAVE TO HARMONIZE.
SANWA BANK
Keeping a big bank nearby does not mean level rates, lower costs. This bank has a leading Japanese bank for nearly a century. First we earned a high reputation in retail banking, then in corporate banking. Our leadership in these fields led us into international banking as well. We're growing rapidly. In fact, Sanwa has grown to 21rd among 1000 World Banks. Naturally, this growth is reflected in our assets and deposits in each field. But it also requires that we develop a highly advanced banking approach. Applying this to management, client relations, etc. Sanwa's new plan will be completed in 1977. Stay in tune. Welcome to Sanwa.

Handwritten signature or stamp at the bottom of the page.

EUROPEAN NEWS

Swedish salaried workers to strike

By William Dulforce
STOCKHOLM, May 12. CONFUSION prevails in the Swedish labour market following the collapse to-day of the joint negotiating front between the blue-collar and white-collar federations.

Finnish wave of strikes ends

By Lance Keyworth
HELSINKI, May 12. THE WAVE of strikes that has beset the Finnish economy since early March, when negotiations at central federation level between the employers and unions broke down, finally ended late last night.

Honecker attacks Western allies statement on Berlin

BY LESLIE COLTIT
BERLIN, May 12. EAST GERMANY'S leader Herr Erich Honecker and the Soviet Ambassador to West Germany, Mr. Valentin Falin, have attacked Monday's Berlin statement by the three Western allies and West Germany linking the "strict observance and full implementation" of the 1971 Four-Power agreement on Berlin with the continuation of détente.

Dubious Chiasso ties known for seven years

ZURICH, May 12. THE SWISS Banking Commission today said Credit Suisse knew in 1969 that its branch office in Chiasso was granting unauthorised guarantees on investors' funds channelled to the Texon holding company in Liechtenstein.

North-South deal starts take shape in Paris talks

BY ROBERT MAUTHNER IN PARIS
THE GENERAL outline of a package deal between the industrial and developing countries in the Conference on International Economic Co-operation (CIEC) in Paris is beginning to take shape. But Ministers from 27 participating countries will still have to make Herculean efforts to reach an agreement at their final three-day meeting from May 30 to June 1.

Italian Minister denies new taxes are needed

BY DOMINICK J. COYLE
ROME, May 12. SUGGESTIONS by Italian Prime Minister Giulio Andreotti that the fulfilment of Italian undertakings to the International Monetary Fund (IMF) would require an additional L2,000bn. (£1,330m.) in new taxes this year, have now been effectively disowned by Budget Minister Filippo Pandolfi.

Backing for Commission's plan on jobs

By Philip Rawstone
STRASBOURG, May 12. THE EUROPEAN Parliament today gave its support to Commission plans to broaden the attack on unemployment next year through the Community's social fund.

Co-ordinated

Both sides have been guilty of hypocrisy in the manner in which they have conducted the negotiations. Though the conference opened in a blaze of publicity as long ago as December 1976, the industrialised countries did not begin to prepare their positions seriously until after the U.S. presidential election end, even now, still do not have a co-ordinated position on several important issues.

Benn calls for Soviet energy role

By David Satter
MOSCOW, May 12. BRITISH ENERGY Secretary Tony Benn said today that Soviet officials are confident the Soviet Union will have enough oil to meet its needs in the 1980s, and that serious global energy planning must take account of the vast Soviet energy resources.

French criticisms of U.K. role in EEC rejected

BY DAVID CURRY
PARIS, May 12. THE BRITISH ambassador to Paris, Sir Nicholas Henderson, has taken the substance of the writing a long letter to the leading French daily newspaper, Le Monde, to reject French criticisms of Britain's role in the Common Market.

Nine un-secure

By David Buchan
BRUSSELS. THERE IS little chance the mission to do to a organised, criminal of nuclear materials, Mr Haferskamp told today. Mr. Haferskamp, EEC Commissioner for nuclear security, said today that the week-end and the week-end of Brussels Commission, sides that it has answer for in the came to light two week.

BEKAERT in 1976
Zwevegem, Belgium
A consolidated turnover of £360.479 million
£20.257 million capital expenditure
51 factories in 15 countries (inclusive of indirect participations)
20 own sales offices all over the world
Consolidated results of the Bekaert Group in £million*
Breakdown of consolidated turnover 1976 by activity sector
Geographical breakdown of consolidated turnover 1976
Results of the parent company N.V. Bekaert S.A.

International aid for Egypt

By David Curry
PARIS, May 12. INTERNATIONAL aid to cover Egypt's \$5.5bn. external financial deficit was assured, Mr. Muzir Benjak, the World Bank vice-president for Europe, the Middle East, and North Africa, said today at the close of a meeting here between Egyptian Ministers and 11 international organisations which are creditors of Egypt.

Vance sees King and Suarez

BY ROGER MATTHEWS
MADRID, May 12. MR. CYRUS VANCE, the U.S. Secretary of State, left Madrid this afternoon after a visit of less than 24 hours during which he met King Juan Carlos and the Prime Minister, Sr. Adolfo Suarez, to discuss the results of the NATO talks in London earlier in the week.

Europe integration tops EFTA agenda

BY PAUL LENDVAI
VIENNA, May 12. THE FUTURE of European integration and relations with Spain and Yugoslavia are among the main questions to be discussed at a summit meeting of the European Free Trade Association (EFTA) which begins here to-morrow.

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AMERICAN NEWS

Witteveen warns on need to adjust exchange rates

WASHINGTON, May 12. — As a result he said, "all one can say in this regard is that exchange rate adjustment in circumstances of continuing inflation will never be easy. However, if such adjustment were too long delayed it is more likely to be disturbing to confidence than one that is brought about in a timely manner."

Dr. Witteveen noted that last month's interim committee meeting of the Fund has given it "important additional responsibilities in supervising the working of the adjustment process" that would help to secure "a more stable and competitive world financial equilibrium in the past four years."

At the same time the Fund has also agreed on a new set of guidelines under which it will be able to exercise "surveillance" over the exchange rate policies of member countries. In his speech Dr. Witteveen left no doubt that future borrowers will find that their exchange rate policies are closely scrutinised before loans are finally approved.

But exchange rate policies would not be the only factors to be taken into account. "Another lesson to be learned is that exchange rate depreciation must be accompanied by measures designed to restore domestic price stability if improvement in balance of payments performance is to be achieved." A whole range of policies should be considered and it might also be time to re-evaluate the principle of "indexation" which permits price increases that originate in the external sector to be too rapidly translated into new domestic costs.

In the end, meanwhile, there was no substitute for proper fiscal and monetary policies "which must make room for the transfer of resources into the external sector on a continuing basis," he said.

All Street forecasts in prime rates

NEW YORK, May 12. — The Monetary Director had little new to say about the proposed new IMF facility to help developing and developed nations with persistent balance of payments problems. He said that the interim committee last month had approved the idea of an increase in fund resources, and he was hopeful that such extra liquidity would "contribute substantially to the stability of the world payments system."

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Even if Citibank does not move, some analysts anticipate that banks which do not use a formula to adjust prime rates may begin an upward movement. In the background is continuing uncertainty about whether or not the Federal Reserve is again in the process of firming credit policy. Over the past two days some analysts have claimed to detect evidence that the Fed may be easing the federal funds rate, the key rate on interbank reserves, higher again. Such a movement would be designed to slow the growth of the money supply which, measured in terms of cash and current accounts, grew at a 22 per cent annual rate in April.

Panel supports N-plant

WASHINGTON, May 12. — An important House of Representatives committee last week voted to go along with the Clinton River plant, said that the extra money would enable Clinton River to continue but would not be expended in pay for commercial development.

However, supporters of the Administration position said that by voting the extra money the committee was largely backing the whole project, which was designed to come into full operation in the late 1980s. It is designed to burn re-processed plutonium as a fuel and breed additional plutonium which could be used as a fuel.

Rep. Flowers said that the committee might yet change its mind after hearing testimony from Administration officials who are to argue the case for cutting back the Clinton River project. Without the money voted yesterday the project would be reduced to an experimental basis.

Protest at Bolivia grant

BRITISH National Union workers (NUT) hopes to persuade the British Government through the Trades Union Congress to halt a £18m grant in Bolivia, which would "liberate" the country.

Mr. Toon, who was accompanied by Mr. Ted McKay of North Wales and Mr. Joe McKie of the Midlands, said the party had joined a procession inside Santiago cathedral in Chile on May Day, with leaders of banned organisations. There had been a moving response from the 3,000 people in the cathedral, he said. The three NUT men yesterday met Mrs. Judith Hart, Minister of Overseas Development, to report their findings and press for action.

Hugh O'Shaughnessy added: "The grant was announced as a fact by Presencia, the 17. But, Bolivian daily, on March 17, in answer to a question in the House of Commons, Mrs. Hart said that a final decision had not been taken on the project. It was to have involved the view of mining state mining companies. Instead of repaying the cost of this equipment to the British, Cambal was to have invested it in the provision of housing and other social services for Bolivian miners."

Canada price index rises

OTTAWA, May 12. — The consumer price index for May rose by 0.8 per cent, from 157.0 in April 1976 and 1977 the total index rose by 7.8 per cent, wrecking the Government's target of 7 per cent.

Minister Donald Macdonald acknowledged in his speech that the government was going to fail in its attempt to reduce inflation to 7 per cent.

Consumer confidence in the U.S. weakens

NEW YORK, May 12. — AMERICAN CONSUMERS are showing signs of weakening confidence in future business and economic conditions according to a study released today by the Conference Board.

The Conference Board's report coincides with a detailed survey of business confidence by the Wall Street Journal, which also suggests that the growth of consumer spending may slow down in coming months because of the doubts consumers have accumulated to pay for earlier purchases.

Consumer spending is seen as a key economic indicator because it accounts for approximately two-thirds of all expenditure in the U.S., and has been responsible for the recovery of the U.S. economy over the past two years.

Ironically in view of these forecasts, the Chairman of Ford Motor Company, Mr. Ford II, forecast that U.S. sales would be higher than previously predicted. Speaking at the company's annual meeting, Mr. Ford raised his company's forecast for the U.S. car sales in 1977, including imports, from 10.9m to 11.2m, roughly in line with General Motors' forecast of 11.25m and slightly higher than the 11m forecast by the third leading U.S. motor manufacturer, Chrysler. Car sales have been the strongest sector of consumer spending.

THE NORTH AMERICAN GAS DEBATE

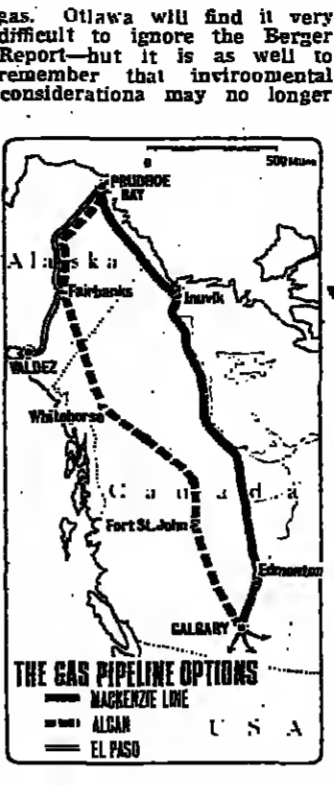
Battles and pipe dreams

BY WOLF LUETKENS, RECENTLY IN OTTAWA

NEXT TO a good rough game of hockey, what Canadians seem to enjoy most is a good rough fight to decide whether, where and when to build a pipeline.

The far will fly this summer now that a judicial inquiry under Justice Thomas Berger has recommended that no pipeline should ever be built between the Alaskan border and the Mackenzie Delta, on the grounds that it would irreparably upset the delicate balance of nature there. In addition the Berger Commission advised the Government to delay for 10 years any pipeline in the Mackenzie Valley in order to clear up the many difficulties involved, and in particular the claims to land ownership of the Eskimo Indian and Métis (half caste) people in the area.

If accepted these recommendations would kill an \$8bn proposal to pipe gas from the Alaskan north slope to the Mackenzie Delta, to pick up there the Canadian gas that is available in the delta and Beaufort Sea and to move them south to the markets in the industrial heartlands of North America. But the Berger Commission was appointed to report on the social and ecological implications of that proposal for only the north—not on the economic need for such a pipeline in the interests of Canada as a whole. That report will come from the Canadian National Energy Board in the summer. It will then be up to the Government to take into account both reports and the external considerations since the U.S. is involved both as owner and as consumer of the Alaskan



gas. Ottawa will find it very difficult to ignore the Berger Report—but it is as well to remember that environmental considerations may no longer be the only factor.

Americo and Canadian gas transmission companies, which pressure in sell gas to the U.S. sponsors the Alaska Delta Mackenzie Valley Line; and on the other, Alberta Gas Trunk Line with West Coast Gas Transmission, which is proposing a route along the Alcan Highway.

There is a third alternative—the proposal of El Paso, a Texas gas company, to liquefy north slope gas in Alaska and ship it south. This would not involve the Canadians at all, but from the United States point of view has the disadvantage of extra expense and of taking the gas to the West Coast where it is not so badly wanted. This plan would probably hotly up Delta and Beaufort Sea gas unless a good deal more is found. For these reasons the El Paso scheme is least likely to go through.

The Alcan line, from a Canadian point of view, would be purely a transit line crossing Alaska from Prudhoe Bay and running to the west of Whitehorse in the Yukon and on into Alberta. It could later be complemented with another smaller pipe to carry Canadian gas from the Delta and Beaufort Sea to the existing distribution system in Alberta and the other provinces. Environmental considerations apart, the argument is very much one of timing. The Canadian gas fields at present in production mainly in Alberta and British Columbia will probably be unable to meet home and export demand beyond 1985. But for the moment there is a slight surplus of gas in Western Canada.

The Mackenzie line, all going well, could be on stream by 1982. Hence it is argued that all



All shapes and sizes of firms are joining the New Gas Era.

Big new gas supplies come ashore from the North Sea this Autumn. When fully operational they will increase gas availability by nearly 40%.

Of course the big fuel using industries will be taking a lot of it. But the smaller industrial and commercial companies can also enjoy the competitive advantages of gas.

Don't think you're too small to benefit. The opportunity gas offers to increase productivity and plant efficiency could make a tremendous difference to your business.

It will also give a big boost to our balance of payments, and increase the efficient use of our national energy resources. That's good news for Britain, and for British companies for years to come.

The time to act is now, not when the gas starts to come ashore. Start by sending off the coupon. The Technical Sales Staff of your British Gas Region will get in touch with you to determine your accessibility to a gas supply, help you plan your future needs, and tell you about our Technical Consultancy Service. Get your name down now. Autumn is just around the corner in the competitive world of today.

The British Gas Technical Consultancy Service helps you get the maximum value from every therm of gas used, by advising on the most efficient application by industry and commerce.



Join the New Gas Era now.

To: British Gas, 326 High Holborn, London WC1V 7PT. Please ask the Technical Sales Staff of my Gas Region to get in touch about the New Gas Era.

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BRITISH GAS

OVERSEAS NEWS

WORLD TRADE NEWS

OPEC chief expects oil price compromise in July

BY MICHAEL BLANDIN

DOHA, QATAR, May 12.

THE STOCKHOLM meeting of the Organisation of Petroleum Exporting Countries (OPEC) in early July will produce a "surprise" it was stated today by Sheikh Abdul Aziz Bin Khalifa Al Thani, the chairman of OPEC. Interviewed in Qatar, he said he thought that a compromise would be reached on oil pricing policy. Contacts had already been made among member countries, which had put forward their suggestions for an agreement.

Pakistan opposition stands firm

BY OUR OWN CORRESPONDENT

ISLAMABAD, May 12.

IN A RENEWED bid to reach a peaceful settlement of the two-month-old political crisis in Pakistan, Prime Minister A. Bhutto last night drove to Sehala where the opposition's ten senior leaders are detained and had a 70-minute meeting with the opposition Pakistan National Alliance President, Murtuza Mahmood.

Zaire forces take Kasaji

BY OUR OWN CORRESPONDENT

KINSHASHA, May 12.

AMID indications that the Shaba conflict is likely to be protracted, Zaire announced today that it had retaken the manganese-producing town of Kasaji from Katangan rebels who invaded the province two months ago.

Allon denies U.S. pressure

BY ANTHONY McDERMOTT

ISRAEL HAS NOT come under yesterday at the end of a two-day visit to Britain.

During his visit, he had talks with Mr. Cyrus Vance, the American Secretary of State; Mr. Callaghan, the Prime Minister; and Dr. David Owen, the Foreign Secretary.

Palestinian warning

BY IHSAN HIJAZI

BEIRUT, May 12.

THE MILITANT guerrilla group, the Popular Front for the Liberation of Palestine (PFLP), has warned that it will deal firmly with anyone who will commit the crime of recognising Israel.

Alain Cass describes Israel's pressure-point on south Lebanon

Gaining from a gap in the fence

THE music starts forming at about 8.30 in the morning as the sun dissolves the mists which hang over the mountains of south Lebanon.

Intelligence

This, along with two other operations in the heavily patrolled fence which runs the length of the border, is the first time since the beginning of the war in Southern Lebanon that the night was there regular artillery fire echoed across the valleys which separate these sparsely wooded mountains.

Japan to liberalise exchange controls

BY CHARLES SMITH

TOKYO, May 12.

THE MINISTRY OF Finance is due to announce tomorrow a series of measures to liberalise Japan's exchange controls.

Fraser may legislate to end air strike

BY KENNETH RANDALL

CANBERRA, May 12.

THE AUSTRALIAN Parliament will be recalled on Monday unless the 1,000-air traffic controllers employed by the Department of Transport end their nation-wide strike on Friday.

Bahrain venture

BY DOINA THOMAS

BAHRAIN, May 12.

A NEW specialist exhibition and conference organising company for the Middle East was launched in Bahrain yesterday.

Yugoslavia and W. Germany in discussions

BONN, May 12.

WEST GERMANY and Yugoslavia continued two-day talks in Hanover today aimed at trade development and, in particular, seeing what scope there may be for further joint ventures.

No more concessions on shipbuilding, Japan warns

BY ROY ROGERS

OSLO, May 12.

EUROPEAN shipbuilders can expect little additional assistance from their Japanese counterparts.

Sharp increase in world's imports

WASHINGTON, May 12.

WORLD imports expanded vigorously in 1976 compared to the previous year, but the U.S. share dropped in more countries.

Back export call from Jack Jones

Financial Times Reports

A NATIONWIDE call workers and employers to out British industry to create the foundation for a long-term success as a nation, came today from Jack Jones, leader of the port and General W. Union.

Danish trade

DENMARK'S first-quarter deficit came to Kr5,510 billion in the first quarter last year, according to a report from the Danish Trade Union.

S. Africa plans closer scrutiny of import permits

CAPE TOWN, May 12.

PLANS TO subject South African import permit applications to closer examination in the expectation that a substantial percentage of such foreign orders could be diverted to sources of supply.

Soviet plant bid rejected

THE SOVIET Union has been ruled out as a supplier of equipment to the multi-billion dollar project to build a hydroelectric dam on the Parana River.

Gold Star service

A new Vauxhall/Bedford distributor in the Middle East has just won orders for 300 Bedford trucks worth almost £4m.

Bedford orders

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EEC anti-dumping

THE CURRENT EEC anti-dumping investigation into Japanese ball bearing imports is seen by Brussels officials as a test case of their ability to take over the anti-dumping "brief" from the U.K. Department of Trade at the end of June.

Preparing to take up the reins

BY DAVID BUCHAN IN BRUSSELS

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Preparing to take up the reins

immediately Brussels announced the investigation late last year. But this has done little to clarify the picture for the EEC investigators because the Japanese also raised their domestic prices.

Preparing to take up the reins

As regards new investigations being opened in the near future the Commission is examining complaints on fertilisers. Little is expected to come of this. There has been a drafting of the procedure of dumping investigations on steel products.

Preparing to take up the reins

Brussels relies on national governments to do most of the spade work on investigations, and therefore the EEC will not be going right out of business in this field after June 30. But in any case the Commission is planning to boost its anti-dumping staff and two DOT officials are to join in shortly.

Preparing to take up the reins

Irish hopes to have wound up all the highest dumping cases by 10 per cent.

Handwritten Arabic text at the bottom of the page.

July 1977

Telephone bills: customer rebate.

The Telecommunications Business has achieved a highly successful financial year—1976/1977.

- Aided by intensive marketing the volume of telephone calls has been substantially increased over those of the previous year.
- More than one million additional homes have been connected to the system—an all-time record.
- Effective co-operation of management and staff has produced higher output with smaller staff numbers.

All this has contributed substantially to the profit that has been achieved.

In normal circumstances the whole of this profit would be ploughed back to help with the cost of the £1000 million a year investment programme needed to expand and modernise the system.

However the level of this profit must be reduced to conform to current Price Commission rules.

Accordingly we are able to announce that we propose to offer our customers a rebate of £7 per telephone exchange line—

A once and for all credit of £7 will be given on the first telephone bill that customers receive after October 1st. It will apply to customers on the phone at that date who were also connected on May 4th, when the announcement was made. And the rebate will be paid for each exchange line in service. For example, a householder with one line will receive a £7 credit. A business customer with ten lines will get £70.

And in addition Cheap Rate local calls will be even cheaper—

The time allowed for 3p on a Cheap Rate local call will increase from 8 minutes to 12 minutes on August 1st.

The Post Office Users National Council concurs with these proposals.

These benefits are in addition to the stability in our prices—unchanged since October 1975—which we hope to maintain until at least 31 March 1978.

Post Office Telecommunications

The Property Market

BY QUENTIN GUIRDHAM

Peachey odds against Sir Eric

At noon today in the Portman Hotel, London, shareholders of Peachey Property Corporation meet to decide if they want Sir Eric Miller to continue as a director. He is the man to thank for the growth of Peachey over at least the past 15 years, had been chairman from 1967 until March, and had brought the company through the property crisis of 1973-75 in relatively good health. Peachey members still get dividends, covered by earnings which are not inflated by capitalising development interest.

Asking the shareholders to vote not Sir Eric, having failed to persuade him to resign, are the three other directors, headed by the new chairman Lord Mais. He has a distinguished record of public and private service, is a chartered surveyor and structural engineer, worked for Richard Costain before the war, Trollope and Collis afterwards, ending as chairman and joint managing director. During the war he had escaped from France in 1940 and come back on D-Day as a designer of the Mulberry harbours. He has been Lord Mayor of London. His directorships include the Royal Bank of Scotland.

They also included, toward the end of his career—at 65 he is 15 years older than Sir Eric—the Lyon Group, one of the first heavy casualties of the pro-

erty collapse, and banking operation. Stealing Industrial Securities, where as chairman he was still in the process of unravelling the excesses of the early 1970s.

Sir Eric's supporters talk of the affair as a matter of hacking winners or losers, Miller, they point out, saved Peachey from the worst crisis in the post-war property market. The opposition, says Mr. Ernest Clay, like Miller a director of Fulham Football Club, and a major shareholder in a Peachey associate company, have given no proof that they are money makers. The man they wish to depose "is a winner, with a record to prove it. If he has been a racehorse the name Khan would have been hiding for him."

The obvious corporate parallel to this boardroom row is the Lonrho affair of 1973. Then there was the same talk of hacking a winner in "Tiny" Rowland, the same accusations of treating a public company as a private empire, of massive personal expenses. There were similar political undertones. Two thousand Lonrho shareholders went to Central Hall, Westminster, and swept Rowland home three-to-one.

But this time the majority of the Board has made more serious allegations against the unorthodox entrepreneur. They have issued a writ against him for £130,000 which he maintains was expended in the company's interest; they and the auditors, are unsatisfied on a separate issue about £144,832 of expenses and assets against which Sir Eric has so far paid £50,000; they say there are more hills to come. There is also a clear doubt

whether Sir Eric has the Lonrho chief's will to survive in his company. He has already stepped down as chairman and managing director, giving as his reason the had publicity affecting the company, his family and himself. Since then the publicity has become much fiercer. And, crucially, Sir Eric faces much heavier odds.

Lonrho was shunned by institutional investors and the decision lay with private shareholders. Peachey is about half owned by the institutions. It groups may find it hard to show where their profits derive from in any year. Peachey's latest accounts are at least as informative as the bulk of property companies, but in the past they have had a reputation for sparse disclosure of information, and a reputation which continues, for being produced at a late date. Nine to ten months after the year end has been a common gap with Peachey back to the early 1960s, when it used to vie with Jaguar Cars as the slowest producer of figures. There are over 400 subsidiaries, and 80 per cent of the group's assets and 66 per cent of the group's income relate to companies audited by firms other than Price Waterhouse.

The style of Peachey management—pursued by Sir Eric Miller in this respect, been consistent with the company's origins. Peachey was a sleepy building company revived after the war by two residential promoters, Christopher Hutley and George Farrow.

In the post-war period they saw the opportunity of buying residential estates and blocks of flats wholesale and, as well as

remain in office should a replacement director not be supported. The Board has nominated this replacement, Douglas Chance, senior partner of chartered surveyors Bell-Ingam, a name put forward, apparently, by the Sun Alliance, and an indication that the institutions did not see the need for a new chairman. City figure to enter Peachey, but were content with Lord Mais's stewardship of the company. But if Sir Eric is voted off, the vacancy has, under the Articles, to be filled immediately, so there are two key votes, not one.)

That today's events concern a property company, and Lonrho's an international trading company, is in one sense no coincidence. Many property company accounts are anything but informative, just as trading groups may find it hard to show where their profits derive from in any year. Peachey's latest accounts are at least as informative as the bulk of property companies, but in the past they have had a reputation for sparse disclosure of information, and a reputation which continues, for being produced at a late date. Nine to ten months after the year end has been a common gap with Peachey back to the early 1960s, when it used to vie with Jaguar Cars as the slowest producer of figures. There are over 400 subsidiaries, and 80 per cent of the group's assets and 66 per cent of the group's income relate to companies audited by firms other than Price Waterhouse.

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In the post-war period they saw the opportunity of buying residential estates and blocks of flats wholesale and, as well as

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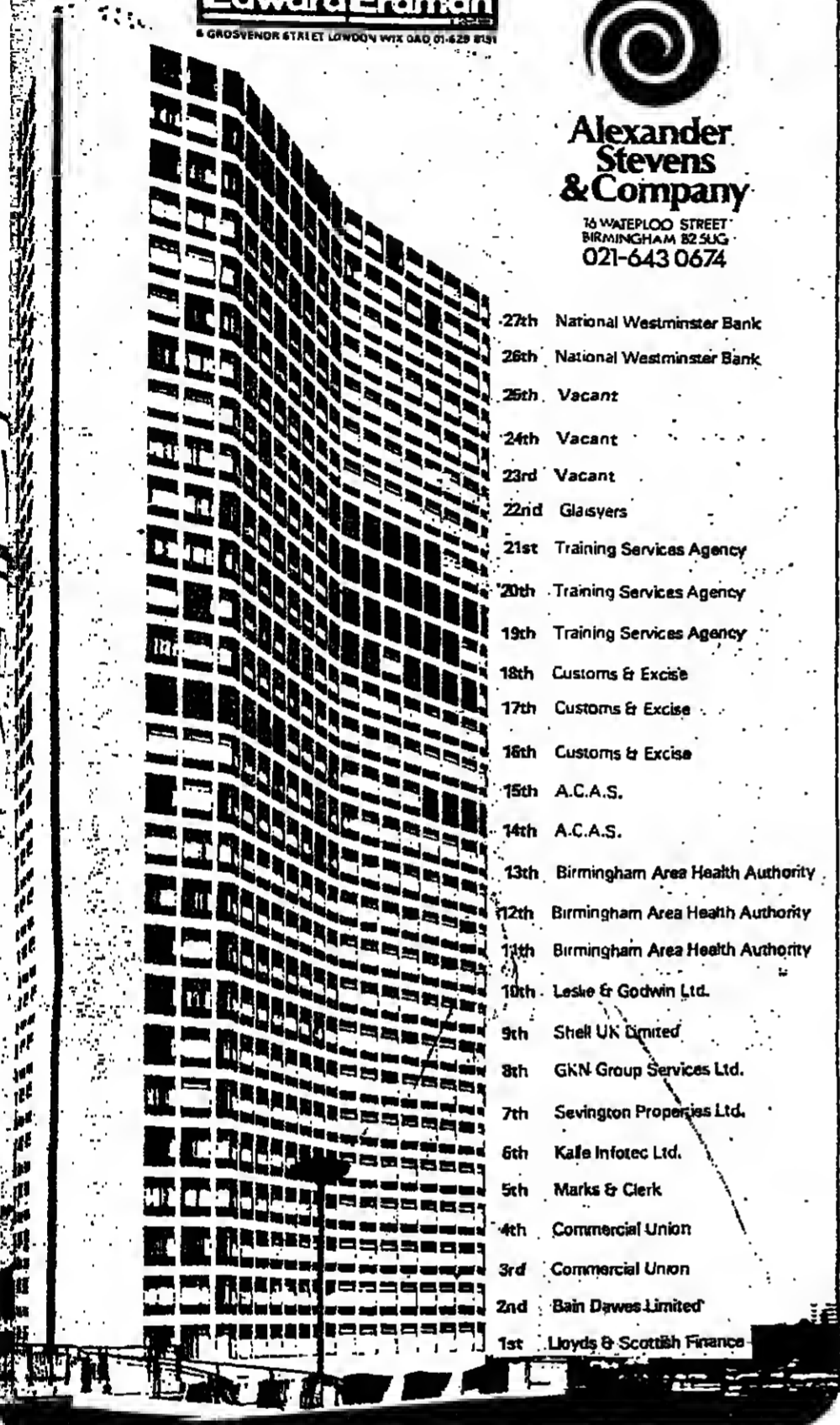
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- 15th A.C.A.S.
- 14th A.C.A.S.
- 13th Birmingham Area Health Authority
- 12th Birmingham Area Health Authority
- 11th Birmingham Area Health Authority
- 10th Leslie & Godwin Ltd.
- 9th Shell UK Limited
- 8th GKN Group Services Ltd.
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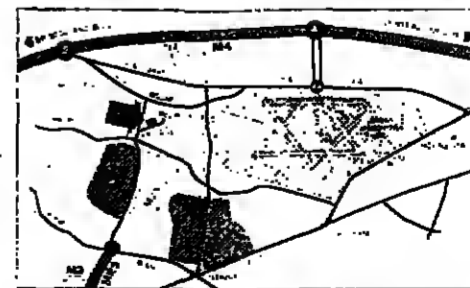


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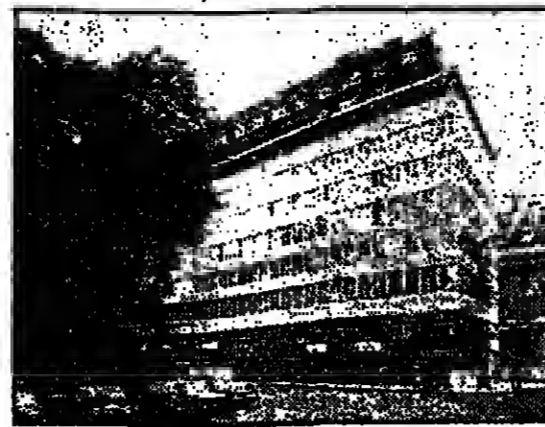
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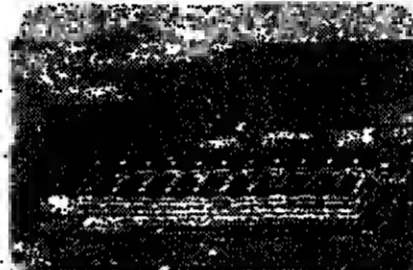


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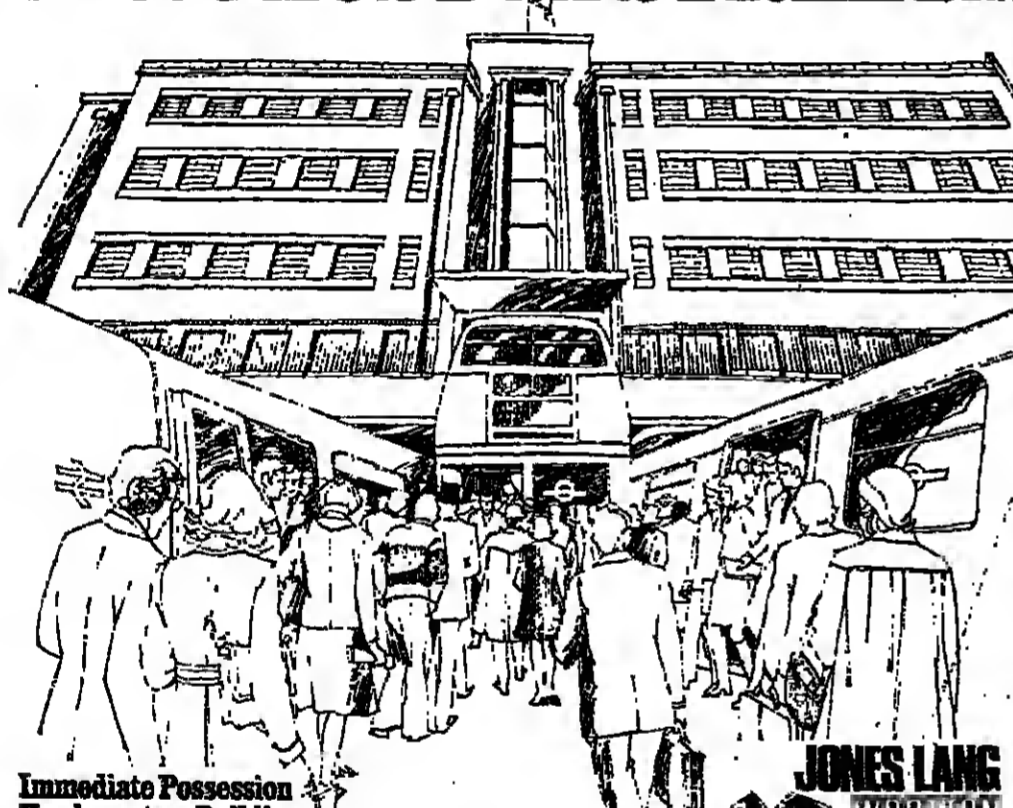
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July 1977

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Midland Bank International  Delivers.

HOME NEWS

Regions press for bigger pay on spending

BY OUR NORTHERN CORRESPONDENT

REGIONAL Economic Councils are to continue to press for a greater say in the allocation of government spending in English regions. Yorkshire and Humberside economic planning council...

Company takeovers rise during first quarter

COMPANY ACQUISITIONS rose in the first three months of this year compared with the same period last year. The increase was more than offset by a fall in the average price for companies...

Commons report proposes some extra railways

Commons report proposes some extra railways. The report says that the Government should consider the possibility of building new railways...

Special case

Special case. Both trains and buses, where in competition, should be covered by other express buses...

Grant cut

Grant cut. The committee is in favour of a further round of capital restructuring for the railways...

European fund grants £13m. to U.K.

THE U.K. is to get more help from the Common Market for regional development. The European Regional Development Fund is to grant a further £13m. towards the cost of nearly 200 projects...

COMMUNITY LAND SCHEME PLANS

Wales to spend £17m. in 4 years

THE LAND AUTHORITY for Wales is to spend more than £17m. on land purchases over the next four years, it was announced yesterday. The authority set up to operate the Community Land Scheme in Wales...

Munich patent office may open next year

THE EUROPEAN Patent Office in Munich is likely to open for applications next spring, according to the annual report published yesterday. The patent office will be long and arduous but the object of establishing a firm basis for community trade is an important one...

GLC plan

LOCAL AUTHORITIES: The Greater London Council should be designated a passenger transport authority and London Transport a passenger transport executive...

Exports plea

OTHER BODIES: Consumer consultation should be increased by strengthening powers of the Central Transport Consultative Committee and the Transport Users' Consultative Committee.

Helicopter blacking

WHITE COLLAR workers, members of the Association of Technical and Managerial Staffs, yesterday decided to "black" supervision of maintenance work at Rolls-Royce, Leamington, on engines for Bristol Helicopters.

Postmen Engineers union plans new wage restraint unification bid

By ALAN PIKE, LABOUR STAFF IN EASTBOURNE

MEMBERS of the Union of Post Office Workers and the Association of Professional Executive, Clerical and Computer Staff will meet at their annual conferences to endorse a further phase of wage restraint. A report by the executive of the 188,000-strong UPW supports another stage of incomes policy...

Hansard again halted

PRODUCTION of Hansard, the daily report on Parliamentary proceedings, and other Government publications was again prevented yesterday by a strike at a Government printers.

Talks fail to solve union row with Trust Houses Forte

TALKS YESTERDAY between Trust Houses Forte and the Transport and General Workers' Union failed to solve the bitter dispute at the Night Out theatre restaurant in Birmingham.

Bank staff in protest over pension changes

THE NATIONAL Union of Bank Employees started industrial action yesterday at branches of the Standard Chartered Bank in protest at a pension clawback scheme.

Journalists' talks fail

A SURPRISE meeting yesterday between representatives of the Institute of Journalists and the Institute of Journalists and the Institute of Journalists failed to find a solution to a 23-week long strike.

in oil rig

July 10 1977



Laying down tracks for rail profits: Mr. Russell Kerr, MP (left), chairman of the Commons Select Committee, and Mr. Peter Parker, chairman of British Rail, who presents his annual report next week.

PARLIAMENT and POLITICS

An imaginative choice—Callaghan

BY IVOR OWEN, PARLIAMENTARY STAFF

WITH AN impressive display of coolness and skill, the Prime Minister yesterday successfully negotiated the first of the political minefields which surround him as a result of the appointment of his 40-year-old son-in-law...

to make Mr. Jay's appointment to the much-coveted Washington post the central feature of a determined campaign to curtail Prime Ministerial patronage.

he had read the newspapers and seen all the criticism. 'I considered this proposal when it was put in front of me, and the easiest course would have been to say, 'No'.

is to be the next Governor and Commander in Chief. Mr. Callaghan agreed that Sir Peter had served with distinction in Washington...

Mr. Neil Kinnock (Lab., Bedfordshire) called for a constitutional change which would enable MPs to examine the holders of important and sensitive appointments before they took them up...

Howell blames Liberals for VAT compromise

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE LIBERALS came under strong attack in the Commons last night from Mr. David Howell, a Tory Treasury spokesman, for their failure to support the Conservative attempt to increase the annual turnover...

Lab pact ensured that they did not get it. Mr. Howell maintained that the £10,000 figure would be of particular help to the self-employed...

thresholds. He believed that a 'thoroughly thought-out' House was dealing with the details of a very bad deal...

Tories win snap price controls Bill vote

BY JUSTIN LONG

THE OPPOSITION yesterday inflicted a snap defeat on the Government in the Commons...

Mr. Oppenheim and other Tory MPs argued that increasing State aid to the price-controlling companies could mean that even the Tories added an amendment...

of tied divisions in the Standing Committee—the tally of votes was added to yesterday—illustrates the Government's difficulties...

Change of sparring partners proposed

BY RUPERT CORNWELL, LOBBY STAFF

THERE IS a widely held belief, prevalent among those who extol the virtues of the British constitution but never visit the House of Commons...

of exchanges on our new Ambassador in Washington. The growing practice of blocks of similar questions, often by 'syndicates' of members...

Revenue

Putting the Liberal case Mr. Pardoie told the House that even if his party voted for the new Tory clause there was no certainty that it would command a majority in the House...

Defence cuts attacked

THE LORDS yesterday attacked the Government's proposed defence cuts and demanded restoration of the fighting capability of the forces...

He called for more infantry battalions and bigger reserves of manpower. More attention should also be given to the defence of NATO's sea lanes.

Lord Peart added: 'The capability of our fighting force is being improved by the proposals to restore the fighting capability of the forces...

A FINANCIAL TIMES SURVEY THE FISHING INDUSTRY JUNE 2 1977

The Financial Times is preparing to publish a survey on the fishing industry in its edition of June 2, 1977. The survey has been planned to appear at a crucial time in the current discussions in Brussels...

of tied divisions in the Standing Committee—the tally of votes was added to yesterday—illustrates the Government's difficulties...

of exchanges on our new Ambassador in Washington. The growing practice of blocks of similar questions, often by 'syndicates' of members...

THE LORDS yesterday attacked the Government's proposed defence cuts and demanded restoration of the fighting capability of the forces...

INTRODUCTION Since Britain's entry into the Common Market, the attention of the fishing industry has been focused on Brussels. U.K. fishermen have despaired of agreement...

Next week's business

- COMMONS business next week is: MONDAY: Private members' motions, Post Office Bill, second reading...

Written Answers

- TREASURY Mr. Nigel Spearing (Lab., Newham South): What is the cost to the EEC Budget of the agreed increase of EEC farm prices in a full year?

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ENNIA N.V.

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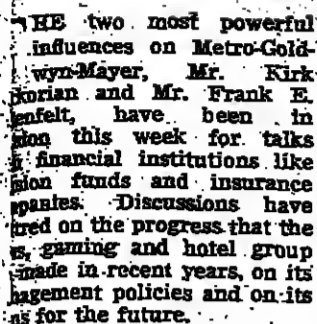
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The Management Page

EDITED BY CHRISTOPHER LORENZ

MGM raises the stakes in its bet on stability

NICHOLAS LESLIE REPORTS



THE two most powerful influences on Metro-Goldwyn-Mayer, Mr. Kirk Kerkorian and Mr. Frank E. Rosenfelt, have been in London this week for talks with financial institutions like banks and insurance companies. Discussions have been based on the progress that the gaming and hotel group made in recent years, on its management policies and on its plans for the future.

The two men make it sound like a very casual visit—several questions having asked them to stop by and have a chat "at the time you are in London."

The presence of Kirk Kerkorian, who has a reputation for being something of a recluse, suggests there is more to the visit than is immediately apparent.

It seems, there is. For Mr. Kerkorian, one of the mightiest in the Hollywood film industry, the legendary Louis B. Mayer and now carrying the title as owner of the biggest hotel and gambling establishment in Las Vegas, is being taken into Europe, according to Mr. Kerkorian. He says that "five" separate offers of purchase have been made for MGM to establish a hotel/gaming complex on the Cotuit along the lines of its U.S. operation.

This is the MGM Grand Hotel, Las Vegas, which boasts 2,100 rooms, a casino bigger than a football pitch, and where more than \$5m. crosses the gaming tables each week-end night. Mr. Kerkorian claims that it is the most profitable hotel in the U.S. It already has a similar complex under construction farther north in Nevada, at Reno, which is to open next year.

It is a possible move into a new area clearly not the whole story. For what MGM is also doing is seeking to accept approval of its policies. It wants the investment to be made on the days when a sudden change in the position of MGM as a public company "could be replaced by a private company in the past five years or so."

Admittedly, Mr. Kerkorian still includes films, but Mr. Rosenfelt says that as far as MGM is concerned, the risk of failure has been removed. Frank Rosenfelt, MGM's

president and chief executive officer, admits that "we would like to see a good base of institutional shareholders" and that they would also "like to see a greater interest in our shares in Europe." Currently, individuals make up the main body of shareholders, the largest stake being the 51 per cent owned by Kirk Kerkorian, who is MGM's vice-chairman and chairman of the executive committee.

Erratic history

It is understandable that MGM would want to stress the more recent stability it has achieved, given not only an erratic history but also the controversy which stalked the film group both before and after Mr. Kerkorian moved into the company in 1969. He gained control only after a long and bitter fight, and a subsequent decision to get out of film distribution caused widespread consternation in an already beleaguered film world.

Then, in 1973, a report by the American Securities and Exchange Commission said that Kerkorian had helped engineer an MGM cash dividend in 1973 and stock-exchange offer in 1974 that enabled him to meet certain personal loan obligations.

MGM consented to the findings and a consent order in the case without admitting or denying the SEC's findings.

It has even been reported that MGM squabbled last year with the Nevada gambling authorities over the system of IOUs it used to collect gambling debts (which are not legally enforceable); although Frank Rosenfelt dismisses this as exaggerated and romanticised reporting, he suggests that record of collection is "excellent" and that credit is not given promiscuously, and he also points out that, in debt collecting, the company "must think of its position as a public company." "We have to be discreet," he says.

Of the severity of steps taken in the past five years or so to put the company on a more even keel, Mr. Rosenfelt and Kirk Kerkorian made no apology. These steps, maintains Frank Rosenfelt, merely formed part of a change in policies that

represented "sound management practices." It is undeniable that the company's fortunes have taken a turn for the better, largely as a result of Kirk Kerkorian introducing MGM to gambling, a business in which—along with real estate—he had already made a fortune before buying into the film group. When he gained control in 1969, MGM had not paid a dividend for four years and it had film production debts of \$85m.

In the last five years, net income after tax has risen from \$10.74m. to \$35.56m. (although with a nasty dip in 1973 when income was \$9.27m. only after taking in an extraordinary credit of \$7.2m.) and total dividends of \$32m. net have been paid in the last three years.

But while gambling has grown to represent over two-thirds of net income, a pile of debt has been created in the financing of the \$123m. Las Vegas Grand and to pay for the expected \$140m. total cost of the Reno Grand. Frank Rosenfelt is undeterred by the high level of borrowings, and merely points out that while opinion queried the amount of money raised to pay for the Las Vegas Grand, the fact that it has earned \$88m. of operating income before tax and interest in the three years 1974-76 has meant there has been no similar criticism over the Reno funding.

The Las Vegas project has succeeded, maintains Mr. Rosenfelt, because of the quality and combination of facilities offered—as he puts it, when shooting for success, "if you go in with the biggest, the loudest and the best you are going to get it."

The facilities concerned are the hotel and the casino, together with theatres for shows that include top-line entertainers, restaurants, and public areas that include shopping arcades. The hotel also has the only private gambling club in Las Vegas on its top floor (26th), which is exclusive to invited "high rollers"—that is those who bet for high stakes.

All operations are very tightly controlled, says Frank Rosenfelt, and he maintains that the quality of their management is high because the best way to work with MGM "is to have a good underlay of management people."

But if gambling has been a process of constant expansion,

the application of "sound management practices" elsewhere has brought about contraction, most notably in film production. First, the film distribution side was sold off. The problem, according to Mr. Rosenfelt, was that distribution activities incurred enormous costs and also created pressure for the film production side to keep it fed, thus "making us make films that we should not have made." He adds: "I saw overhead costs in distribution killing us, and that they would become even more critical." To make two films a month meant "we were rushing in and making half-baked decisions."

Now, says Rosenfelt, only four to six films per year are made and costs are carefully monitored. "If a script appears to be marketable, all aspects of the business—such as production, marketing and distribution—are costed and markets sought in advance, together with an estimated return. If that return cannot match production costs the film is not made."

Other steps have been taken. The stages at MGM's studios—once targets for disposal—now produce revenue by being hired out to independent producers and other major film makers such as United Artists. The MGM hotel. Customers seem likely to spend less on gambling, a point accepted by Rosenfelt. But, despite the obvious importance of gambling, he feels that the "leisure complex" concept provided by both hotels is what will ensure continued success.

Reno will cost more than, and certainly looks more of a gamble than, Las Vegas. But Kirk Kerkorian argues that there have been 29 years of steady growth in gambling of between 14 and 20 per cent a year "and it is unlikely to change." He and Rosenfelt clearly expect both complexes to "expand, for they have ensured that both are designed so that any additions will still be an integral part of the existing structure."

Whether Kerkorian and Rosenfelt have totally convinced U.K. institutions of the wisdom of their policies and what may come out of their visit remains to be seen. One thing that will definitely not emerge, according to Kerkorian, is a British MGM Grand Hotel and casino, simply because he does not like the restrictive nature of British gambling laws.

One incentive for the institutions, quite apart from arguments about stable earnings, is likely to be the MGM dividend policy, about which the company is very bullish. In addition to regular quarterly cash dividends of 25 cents a share, the company has a stock option scheme. The attraction of this, it feels, lies in the cash payment per share remaining the same on an increasing number of issued shares.

Another casualty of the cost-cutting purge a few years back was the MGM record company, which was sold off—a move in stark contrast to other major film makers such as Warner Brothers which expanded record activities.

An obviously bad decision by MGM was to go into cruise liners. Plans were announced in October 1971, to build three 400-cabin liners that would aim at a young clientele. Subsequently, however, the idea was abandoned.

In television operations, MGM has still to show that it can make a consistently good return; its profit record in recent years

has been very poor. Rosenfelt puts the blame on "deficit financing"—a system whereby guaranteed income from TV networks for a series falls short of production costs and the balance has to be met by the production company, such as MGM. The idea in MGM's case was that it should make up the difference by such means as overseas sales and that, if the series was successful, MGM would then make big profits from the network works from a two- or three-year run.

This type of financing is no longer used; the TV networks have been persuaded to accept their guarantees must cover initial production costs. This means there will be less spectacular returns for a highly successful series, but it is a much safer system of financing, says Rosenfelt, adding that the real benefits of the change should be seen this year.

At the Reno complex, there will be an even bigger casino than at Las Vegas. And the hotel, although only 1,100 rooms, will still be three times as large as the next biggest Reno hotel. Facilities will be similar to those at Las Vegas, but there is also a 300-space out to independent producers and other major film makers such as United Artists. The MGM hotel. Customers seem likely to spend less on gambling, a point accepted by Rosenfelt. But, despite the obvious importance of gambling, he feels that the "leisure complex" concept provided by both hotels is what will ensure continued success.

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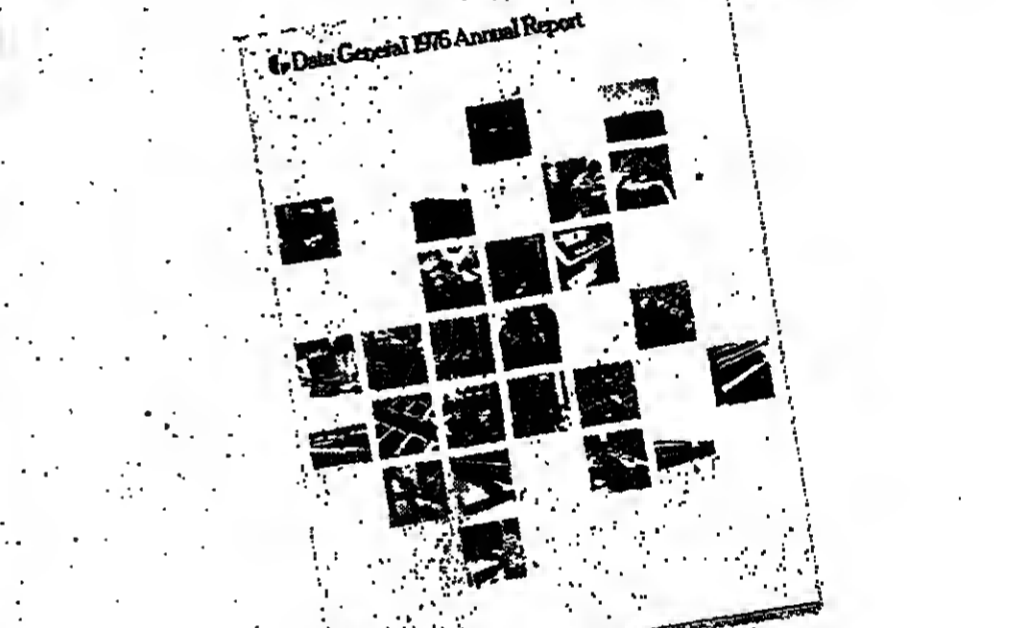
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Aircraft and gambling have been the two major factors in the business life of Kirk Kerkorian (left). After service in the RAF during the Second World War, he returned to the U.S. and started an airline. Subsequently he also went into hotel-casino ventures, building the International and the Flamingo Hotels in Las Vegas. These, forming the International Leisure Corporation, he later sold to Hilton Hotels, and then purchased a controlling interest in Western Airlines. It was after he unloaded that interest that he bought into MGM in 1969, wresting control from Edgar Broofman, head of the Distillers Company. In contrast, Frank E. Rosenfelt (right) has been in motion pictures since graduating as a lawyer. After seven years with RKO Radio Pictures from 1950, when the controlling shareholder was the late Howard Hughes, he moved on to MGM, where he has been for the past 22 years. Rosenfelt took over as president and chief executive in 1973 upon the sudden departure of the former president James Ansbrey, who began the early pruning operations at MGM after being brought in in 1969 by Kerkorian.

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THE BANKER

Two hemispheres

On the international trail this month. *The Banker* visits Chicago financial centre, of the bustling Mid-west and vantage point for economists feeling America's pulse, and two European centres, Frankfurt and Luxembourg. Deputy editor Carol Parker looks at what makes Luxembourg so attractive for international bankers and elicits the do's and don'ts of banking there in an interview with Banking Control Commissioner Pierre-Jaans. From further afield, *The Banker's* editor Robin Pringle reports from Tokyo on Euro-yen, the protection problem, and the many issues heading a crowded agenda in Japan to-day.

The Banking Year

The Bankers' annual round-up of profits and prospects in the world's major banking sectors. Banks and banking activities outside the big league of international lenders get an airing this time round with articles on the ambitions of savings and co-operative banks.

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FRIDAY, MAY 13, 1977

Conspicuous restraint

THE ANNOUNCEMENT that the growth of banks' interest-bearing liabilities is to be restrained by the corset for a further six months has little practical significance at present except for a few entangling small banks who led the downward trend of interest rates ahead of the clearing banks, and achieved enough expansion to bring them near their limits. This outcome is a reminder that the corset is inherently an anti-competitive device which contradicts the spirit of the 1971 monetary reform, but its importance, like that of the announcement, is mainly symbolic.

It is at first sight paradoxical that the corset, which is intended to restrain the growth of bank lending without driving up interest rates, should be renewed at a time when the authorities clearly think that they are tending to fall too fast; but the two strategies operate to a different time scale. The money market is concerned with to-day's market, but the corset regulations lay down maximum growth for six months. While the permitted growth could reach the higher end of the Chancellor's 9 to 13 per cent. range, it seems clear that there is no question of permitting any offshoot after last year's below-target growth.

Guidance

This has been widely interpreted as a gesture to impress the visiting party from the IMF who will be in London shortly, but it is probably intended for a wider audience. At a time when the future of wage restraint is very much in doubt, it may help to remind both trade unions and employers that the limits already set for monetary growth are a firm commitment.

The intervention in the money market to check any further fall in interest rates is quite unlike the futile attempts to prevent a major adjustment earlier in the year. The market may now be much readier to respond to

guidance: the doubts over inflation are growing at a time when U.S. interest rates are rising, and when the banking figures show some revival of commercial loan demand.

The possibility that the money markets could before long show an uncovered differential in favour of New York seems so strange after the last few years that it seems a strong argument for caution. But experience shows that currency markets respond much more sensitively to movements of funds than to inflation differentials, and the unfamiliar gap could easily persist. The growth of commercial loan demand could pose greater problems. The funds available to the private sector from overseas, through the reversal of the leads and lags, are now exhausted, and this suggests that a modest growth in commercial borrowing is likely to persist.

The greater the private demand for bank credit, the more the Government must fund its needs outside the banking sector; and the quicker the recovery of the balance of payments—stronger than expected in the past two months, whatever the figures later to-day may be—also, paradoxically, throws a greater burden on funding. Caution over domestic interest rates is understandable, therefore.

What will not be so understandable, if it persists for long, is the delay in issuing the floating-rate Government stock announced in the Budget. Some City dealers fear that such an issue would by now be read as a signal that the authorities now expected a rise in rates. This seems very doubtful in the present buoyant market, but in any case it is a risk that must be run. The difficulties which could follow the reappearance of conventional taps in a market keen on equities and worried about inflation are greater. This is the sign of resolve which is still missing.

Parliamentary sense about transport

MR. WILLIAM RODGERS, the Transport Secretary, can hardly expect to please everyone who publishes his White Paper on transport policy later this month. So he was doubtless glad to have the support yesterday of the Commons Select Committee on Nationalised Industries for at least some of the ideas the Government is known to be keen to establish. Indeed, in certain respects, the committee's report which was principally concerned with the role of the railways, was refreshingly realistic.

Competition

For example, the committee doubts that British Rail could do much more to put its own house in order, particularly in the area of use of manpower. It believes that railway freight and inter-city passenger services should be required to pay their way and that, provided that each competing mode bears the full cost of the resources it uses, competition should be the deciding factor at least in these sectors of the transport market. Where passenger rail services are supported by the taxpayer for social reasons, the committee believes that the subsidy should not be lumped into one sum but broken down, at first regionally and then by categories of services, so that the public can see the cost for what it is getting. Further, local authorities should have a bigger role both in deciding and in financially supporting the particular mix of local bus and rail services which is best suited to each local community's needs.

All this is very sensible and helpful. But the report's virtues are marred by many instances of muddled or contradictory thinking. The select committee says it is in favour of fair competition between modes and takes up the case made by NEDO last year for a more equitable capital structure and financing system for the nationalised industries. Yet it goes on to suggest that, as a special exception, British Rail's remaining capital debt should be written off (which, if it hap-

The Loyalist fight to keep a sick strike alive

By ROY HODSON, just back from Northern Ireland

NOW we know how far some extremists in Northern Ireland are prepared to go to enforce a political general strike. Murders and shooting, bombings, arson, assaults by bully-boys, and threats against wives and families, are the picketing being employed by a hard core of Protestant Loyalists as they fight to keep some vestige of the second Protestant strike in being. One trades union leader says that what is going on is "a struggle against Fascism by Democracy."

The strike seems to be withering for the sufficient reason that it has not captured any wide support among the public in nearly two weeks. Eventually the only manifestation that the strike exists at all may be the unmistakable sound of the Rev. Ian Paisley's growl.

Grass-roots Protestants

The Protestant people of Northern Ireland, who exceed the Roman Catholics by almost two to one in the L.B.M. population, have massively rejected the call to use their labour as a political weapon for the second time. In contrast, the Protestant strike of 1974 succeeded because it had an objective that was almost wholly desired by grass-roots Protestants. That strike was intended to topple the power-sharing Executive that had been imposed by Westminster to run Ulster's affairs. It did just that and then everybody went back to work.

This time, however, the strike has lacked one single overriding target and thus has failed to attract enough support. Furthermore, the Unionist Action Council which set itself the task of engineering the strike weapon is itself the distillation of several Protestant bodies of more or less extremist views together with some paramilitary groups. It does not pretend to have a broad base of support. Rather its various components pride themselves upon their elitism.

So the score for the Ulster Protestants' strike weapon looks like being a success in 1974 and a failure in 1977. Will the Loyalists try to use the weapon for a third time at some unspecified time in the future? The histories of the two strikes may offer some clues.

For seven years since Ulster's troubles began in 1968, the majority Protestant population has grievously lost power. It is something that has smouldered deep in their thinking during the continuing terrorist campaign, the sectarian murders, and the day-to-day difficulties of trying to maintain

a semblance of normal living. "Seven years is enough" has been the slogan of the 1977 Protestant Loyalist strike. That means explicitly that seven years of bloodshed, as has been as much as Ulster is prepared to take. It also means implicitly to the Protestant militants that it is high time the majority exerted its power over the Province once again.

The militant section among the Northern Ireland Protestants has not proved able to take on the IRA terrorists and match them at their own dreadful game. That failure to produce the cold efficiency to answer terror with terror seemed to increase the anger and frustration of the so-called Loyalists.

If the going became too rough the Protestants believed they could always dictate terms to whoever rules the Province at the moment (whether it be a British pro-consul as now, a council, or a devolved government), simply by staying at home. Such is the simple reasoning behind the Protestant weapon of the general strike.

The Ulster Workers' Council first put the weapon to the test in 1974. That strike represented a body of Protestant opinion at worker level and was particularly strong in the Harland and Wolff shipyard and the factories. Supporters did not like the direction in which the young power-sharing Executive was taking the Province.

On May 15, 1974, the general strike began on instructions by newspaper advertisements and word of mouth. Immediately it was effective.

Power cuts began to be felt as the power workers started to run down their plants. Vans and buses were hijacked. More and more people stayed at home. There was some intimidation. But most people either supported the strike or found it impossible to travel to work. Petrol supplies were short. Buses were not running. Trades unionists attempted to break the strike with "back to work" marches but they were largely ignored.

On May 28 the run-down of electricity supplies was accelerated. It was feared that the four Ulster power stations would shut by midnight. The power crisis swung the struggle feverishly in the strikers' favour. The same day the power-sharing Executive collapsed, and the Province has been under direct rule from Westminster ever since.

The tougher end of Protestant Loyalist opinion became increasingly restive a few months ago about the way things were going. They did not like what they considered to be "soft-love" security against terrorism. They

did not like Westminster's management of their Province. Perhaps most important of all they did not like inaction. Extremist movements need action to feed upon and the Protestant militants have more than their fair share of such movements with, among others, the Ulster Defence Association, the Ulster Volunteer Force and the Red Hand Commandos.

Within the confused groupings of Loyalist political figures and the para-military men two leaders emerged—the Rev. Ian Paisley, Westminster MP for an Ulster constituency and leader of his own free Presbyterian sect in Northern Ireland; and Mr. Ernest Baird, also a Protestant preacher, and owner of a group of chemist shops.

A Loyalist strike to paralyse the Province was called for midnight, Monday, May 2. Mr. Paisley and Mr. Baird were the leaders in public, although clearly they were having to respond within the strike management committee (the United Ulster Action Council) to militant members such as Mr. Andy Tyrre, reputed to be the supreme commander of the UDA.

Weaknesses of strategy

Whereas the 1974 strike had the clear aim of toppling the power-sharing Executive, this second strike had a multiplicity of objectives, stated and unstated, which must have contributed to its weakness. The UDA was calling for stronger action against IRA terrorism. Well, that objective might be possible. As the strike has gone on Mr. Roy Mason, the Northern Ireland Secretary, has announced plans to improve security in a number of ways which would be effective without inflaming moderate Roman Catholic opinion. The second objective was to secure a new local Parliament for Northern Ireland with—naturally—a Protestant majority. The possibility of the British Government agreeing to such a demand was so remote that the very act of putting it forward damaged the credibility of the strike call from the start. The strike was also called for another reason not stated by the UDA. Some of its organisers believed that it would serve to mobilise a Protestant Loyalist challenge to moderate Protestants in the run-up to the Ulster local elections on May 18. The UDA wanted to demonstrate to voters that real power lay in the hands of the militants.

May 1. Mr. Paisley called from the pulpit for everyone—including school children—to stay at home during the strike.

Meanwhile the army began to monitor threatening calls. Intimidation reached a new level when a bar at Bangor was burned down by petrol bombs. May 8. In the early hours four Ulster Westminster MPs drove to the Ballylumford power station to see the beleaguered workers. Their message was that the weight of Protestant opinion in Northern Ireland was behind the men in their resolve to stay at work. Loyalist militants brought a new dimension of horror into their campaign of violence against workers ignoring the strike call. Gangs from the Protestant Shankill area shot one Belfast bus driver in his cab seriously injuring him and threw a petrol bomb into another cab setting it ablaze and injuring the driver. Mr. Paisley told a small meeting of Independent Orangemen in Ballymena that if the strike had to be halted it coming days it would not mean that the battle had been in vain.

May 9—Turnout at leading industrial concerns was put at between 70 per cent. and 100 per cent. Active support for the strike was largely confined to the fiercely Loyalist districts of East Belfast and the Shankill while in the country a number of farmers blocked roads with tractors and vehicles. Mr. Paisley went to Ballymena, his home town, and directed a night-long blockade of the town centre by tractors. Mr. Paisley said "The strike will not go on for ever."

May 10—Two workers among attacks upon people who had continued to work during the strike call. To Ballymena, Mr. Paisley and Mr. Baird were arrested for their part in blocking the town with farm vehicles but released two hours later. Some members of the Ulster Defence Association and the Ulster Volunteer Force, revolted by the violence of the militants, appealed for the strike to be called off.

May 11. The new levels of violence employed by some Protestant extremists were causing dissenation among the strike leaders. Economic activity in Northern Ireland was almost back to normal. Mr. Paisley now finds himself in the unaccustomed position of being a loser. His political career has been damaged and he has isolated himself from the majority of the Northern

Protestants. The political future of Ernest Baird, the other late strike leader, must be doubtful. He must be put aside some of his extremist head-fellows in the U. Although he wants to be tough, extremes as attacks, intimidation, and bullying are no style.



"The unmistakable sound of the Rev. Ian Paisley's growl": Mr. Paisley being removed by police from a Ballymena barricade.

There is just a chance the strike has given sufficient impetus to moderate Protestant leaders to throw into a new period of co-operation. Mr. William Craig, the Vanguard Party leader and one of the best-remembered and longest-serving of the official Ulster Westminster MPs, told him during a night dash to the will of the Ballymena power workers. That together could mark the beginnings of a "truce" to assist future discussions on the constitutional future of Northern Ireland.

A bonus for Mr. Craig

The next political land will be the local government elections on Wednesday. List of more than 1,000 dates for 526 seats in 26 district councils is itself a piece of the convoluted state of affairs in the Province.

The "line-up" is the All Party, the Social Democratic and Labour Party, the Republican Party, the Nationalist Party, the Northern Ireland Labour Party, the Independent Labour Party, the Ulster Unionist Party, the Democratic Unionist Party, and the Ulster Workers' Union.

Mr. Paisley's arrest

May 10—Two workers among attacks upon people who had continued to work during the strike call. To Ballymena, Mr. Paisley and Mr. Baird were arrested for their part in blocking the town with farm vehicles but released two hours later. Some members of the Ulster Defence Association and the Ulster Volunteer Force, revolted by the violence of the militants, appealed for the strike to be called off.

MEN AND MATTERS

Horoscope tells all

The ability to say "I told you so" is a legitimate source of pride to palm readers, star gazers and oecumancers of all kinds. With this sweeping generalisation in mind I refer readers to what Roger Elliot, who compiles the weekly horoscope for the TV Times, said about the next Ambassador to the United States, Peter Jay, on February 6, 1975. "He will have a distinguished career as Ambassador or director general of an international agency. That of course is a prophecy which carries with it an augury of future success."



But the controversial appointment drew a tongue in cheek comment yesterday from Sir Christopher Soames, formerly Ambassador to Paris, who was heard to express mock disbelief at news of "this upstart jockey of the son-in-law club." Soames' father-in-law was Sir Winston Churchill. Julian Amery is another prominent politician who found that having Sir Harold Macmillan as father-in-law was no bar to (relatively modest) advancement.

As for the virtue of youth, the records show that Britain has had one other 40-year-old Ambassador to Washington, Sir Auckland Geddes, who was appointed to the post in 1919 and took with him his American-born wife. She thus became the first American citizen to become Ambassador to her own country.

Taxing question

Among the first memos which some hope the new British Ambassador to Washington will find on his desk is a reminder to do something about reversing recent U.S. tax law on business trips abroad. Britain may be

planning a conference (of course) on the subject later this month. The fee, American delegates please note, is somewhat less than \$45.

Red visit

Insurance and re-insurance is one of the City's most successful export earners and the busy visitors gallery of Lloyd's. It is also one of London's more recherche tourist attractions.

Among yesterday's motley crowd gazing at the (fortunately mute) Lutine bell and the huddled groups around the various syndicate boxes, were the darling young men from the RAF's Red Arrow aerial acrobatic team. Their hosts, brokers Bland Payne, are particularly strong in oil and aviation insurance alongside their more traditional maritime and other interests. But the purpose of the visit was neither to urge the Red Arrow team to think of the risks involved in their profession nor to impress upon others the need for higher rates in the aviation field. The visit was purely social.

Is Scarborough fair?

Drama in the business of organising seaside conferences must be fairly rare, whatever the racy impressions given by the glossy newsheets beloved by "conference towns". There has, however, been a prolonged fuss in Scarborough, now emphasised afresh by a decision of the Society of Civil and Public Servants not to hold its 1978 get-together there.

The society is demonstrating its solidarity with the Campaign for Homosexual Equality, which last year applied to hold its own 1977 conference in Scarborough. The decision was passed up the line by nervous officials to a full session of the local council, and the Campaign's request

Robert Volman

bu

What do you know about valuation for current cost accounting?

Do you know current market rental values?

Are you aware of the proper basis on which to value?

What is the structural condition of your property?

How has your property portfolio changed since last valuation?

Do you know how the property is affected by planning or other legislation?

For professional advice on the many problems associated with property valuation.

Edward Erdman

Observer

6/100 1250

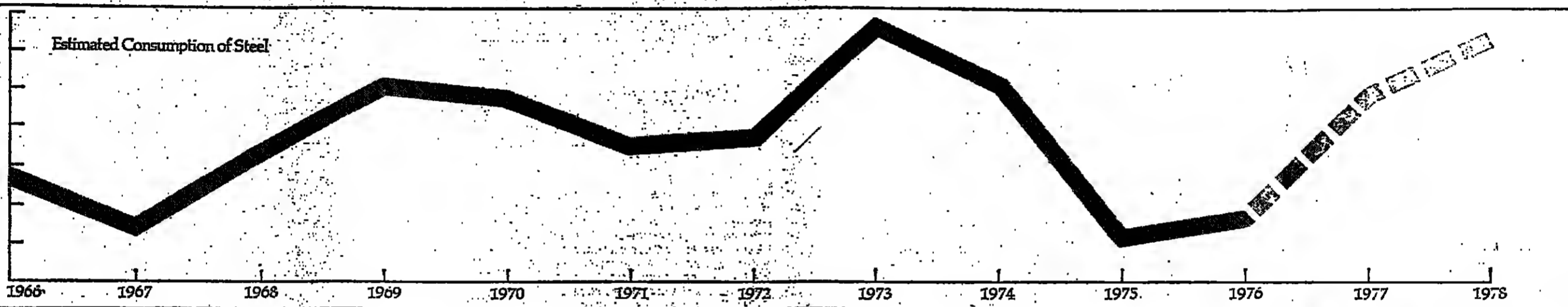
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FINANCIAL TIMES SURVEY

Friday May 13 1977

Steel Stockholding

Steel stockholders hope they are about to emerge from their steepest and longest recession ever. But stocks are still being reduced, and there seems little likelihood of new buying within the next few weeks. Meanwhile, a new EEC steel plan is being monitored for its likely impact on the future of the industry.



Source: Dept. of Industry

How to safeguard your supplies from the ups and downs of the steel industry.

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Ready for recovery

THE LONGEST and most intractable recession in demand for steel throughout the world that anyone can remember is still taking its toll of producers and distributors alike. The real seriousness of the situation is that as yet there is no consensus of opinion about when it might end and something like normal trading conditions once again prevail.

Crystal-gazing will be the most popular activity in Torquay this week when member companies of the National Association of Steel Stockholders meet for their annual conference and take the opportunity to discuss market trends with guests from the British Steel Corporation, the British Independent Steel Producers Association, and the managements of some of the private steel-makers.

Few steelmakers or traders are of a mind to begin preparing their businesses to meet a definite upturn at any time during the months immediately ahead. Indeed a considerable amount of stock reduction is still going on among the steel stockholders as companies try to clear their warehouses to generate some cash. Even the biggest companies are not insulated from the need to act in that fashion, although the swift reduction in the borrowing rate on overdrafts recently has enabled some companies to reduce their de-stocking activities.

The broad picture across the British stockholding industry is that companies will either continue reducing their steel stocks or will hold them at something like current levels for a period of weeks or months yet. Few envisage moving into a buying cycle before the autumn.

So the Torquay conference will be the stage for a conflict of interests between the stockholders and their short-term problems and the steelmakers with their long-term strategies.

Sir Charles Villiers, chairman of the British Steel Corporation, Mr. Boh Scholey, vice-chairman, and Mr. David Waterstone, the commercial director, have no doubt what they want of the stockholders and they will be telling them in plain terms both formally and at a series of social gatherings. They are promot-

ing a new policy by British Steel of aggressive salesmanship to shift the State-owned company's point of balance from its long tradition of being production-oriented to a new stance of being customer-oriented.

The steel stockholders are essential to this strategy for they have raised their share of the British steel market from under 20 per cent in 1950 to a current level of some 35 per cent. In the next good trading year—and many stockholders believe that will start late in 1978 and run into 1979—they expect to capture 40 per cent of the British steel market. British Steel supplies about 60 per cent of the 3m to 4m tonnes a year handled by the British stockholders.

Reorganisation

Sir Charles Villiers was horrified when he arrived at British Steel last year to discover that the corporation had lost vast swathes of its traditional home markets, particularly in flat rolled products because of the corporation's internal problems during the first half of the 1970s when production suffered because of a vicious combination of management production and labour problems. He set himself the task of winning back customer confidence while backing Mr. Scholey to the hilt to get more out of the mills.

The policy has not been free from setbacks. The British Leyland strike—no fault of the steel industry—resulted in the car giant making an emergency agreement with British Steel that the usual rolling programme for car body steel should be suspended. As a result British Steel lost valuable sales. More recently the Port Talbot electrician's strike has disrupted output of hot rolled coil for triplate production and sheet steel for automotive and domestic appliances manufacture. British Steel has actually had to buy-in steel from Europe.

Sir Charles must sometimes feel that he is picking his way through a minefield. All around him is making headway. Few, if any, stockholders at Torquay will refute his basic demand to

them—that in future British stockholders will have to trade more in home-produced steel if the national investment of £700m a year that is being put into the British Steel plants is to make any sense at all.

Sir Charles' point is recognised. The stockholders have handled a lot of imported steel these past few years but they have been forced to that position by uncertain supplies from the home mills. Now British Steel is determined to give the customer what he wants when he wants it. Thus it makes commercial sense to most stockholders to switch back to selling a much higher proportion of home-produced steel to their customers.

Price is of course a major factor. It is true to say that stockholders bought abroad more for guaranteed delivery and guaranteed quality than for a simple price advantage. But they also liked the flexibility they found at the European mills over prices at a period when British Steel could only quote the book price to potential customers.

Now all that has changed as well. Mr. Waterstone is leading an aggressive sales campaign and his salesmen have instructions to be flexible over pricing. They know that they have to be to win back the stockholders' business at the expense of imported steel.

The stockholders themselves, as they have no choice but to live with a supplier which holds a production monopoly in Britain of many of the items they trade in, prefer the new sales-oriented British Steel to the old corporation attitude of "take-it-or-leave-it."

With the prospect of some interesting deals with British Steel in the future as business brightens up again the stockholders are giving a lot of serious thought to how their businesses should be conducted. A debate has started in stockholding circles about the concept of "two-tier" stockholding. Essentially two-tier stockholding means that a small number of companies form the top tier and buy steel in bulk before doing work upon it and preparing it for retailing. Those companies gear themselves to serve two different markets: the retail-

customers who buy from them direct, and the smaller stockholders who are served by the big stockholders but at special price rebates.

Now that British stockholders are doing £600m to £700m of business each year through some 250 members of the National Association of Steel Stockholders, it is felt by many of the most professional managers in the trade that a system of that sort should be encouraged to develop and that the industry should not flinch from setting out certain guidelines even at this stage.

Spectrum

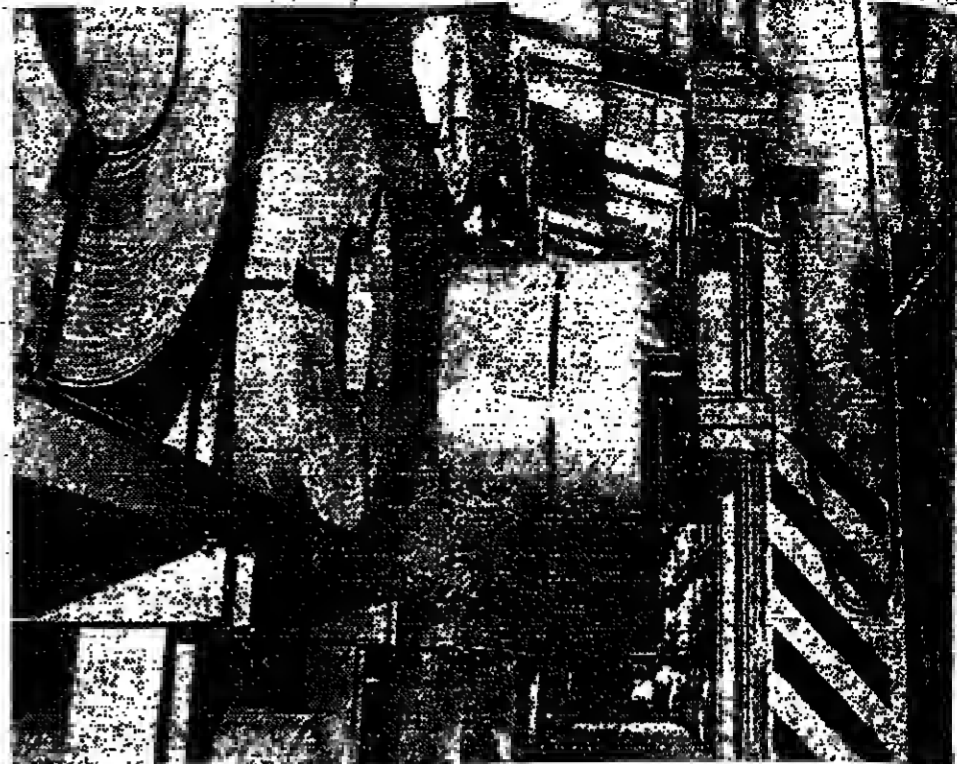
In an informal way the two-tier system is already growing up. The industry has been aligning itself during the recession in steel across a spectrum of large and well-capitalised stockholders, medium-sized companies which are too often short of resources, and small companies serving loyal local customers. The most severe pressures are being felt by the medium-sized companies for they have neither the muscle of the big companies to shoulder their way through the recession, nor the tight local trading enjoyed by the small companies which enables them to survive

bad times. Thus the trend is for the medium-sized companies to move up merging with big companies or to move down by trimming back their business.

While internal developments in stockholding will ultimately have an impact on the customer for steel it is the service being offered at present by British stockholders which concerns him most. The companies have an excellent record. The service they offer is sophisticated beyond the usual standards of Continental Europe, although it still lags behind Northern American practice.

The U.S. concept of the steel service centre is being adapted to the needs of the British market. The bigger companies in the trade are continuing to invest in new equipment for doing work on steel. It has become increasingly common for stockholders to buy complete coils of steel from the mills and carry out the processes of de-coiling, slitting, and cutting into blanks to prepare the steel to size for the customers' manufacturing processes.

The stockholders feel that events are on their side as they finance that sort of investment. They believe that manufacturing companies will be increasingly reluctant to hold large stocks of steel on hand at their



An aisle stacker crane selecting a coil of steel for processing at Borealis Walsall plant.

The high cost of financing such stocks has become a deterrent. The problem is solved for manufacturers as soon as they know they can rely upon a stockholder to handle their steel stocking problem for them, supplying adequate supplies of properly cut steel at the right time.

By the nature of their trade the stockholders can never be insulated from the wider market of international steel. That is why the current Euro-

pean Community attempt to rationalise steel production and marketing during the recession with the Davignon Plan is of crucial importance to British stockholders. The effect of the plan upon prices, steel production, and imports of steel into the Community from third countries will be closely watched this summer.

British Steel has emphasised—and has been supported by Mr. Eric Varley, the Industry Secretary—that the plan will

not be permitted to force a corporation from its policy to fight back to a greater share of the market. Nor will the "cut back" expansion programme involve spending between now and 1980 more than that as they make plans for the next boom.

Roy H

Changes in the pipeline

ALTHOUGH it is ten years since the nationalisation of the 14 biggest steelmakers in Britain and the formation of the British Steel Corporation as a single State-owned steel company (the third biggest in the world), the upheaval is only now causing a series of changes to take place in associated industries. What is happening is that the dominance of BSC in certain materials and product trading sectors is influencing the structures of the associated industries themselves.

One obvious example is in the ferrous scrap industry. Two years ago

BSC invited some 20 of the biggest scrap companies to enter into confidential contracts to supply scrap on monthly quotas. The effect was to split that industry into a two-tier operation with a few companies eligible to supply the corporation and the rest having no option but to sell to those favoured companies, or to the private sector steelmakers, or to export. Each of the two industries is to divide them into big and small operators.

Within one sector of the stockholding business—stainless steel—a formal two-tier system has already been organised by BSC which is the only domestic stainless steel producer. Half a dozen stockholders are supplied at special prices in return for being almost wholly geared to handle the BSC products in preference to imported stainless steel. So far the system appears to be running smoothly.

But in the wider world of steel stockholding across the range of steel products, arrangements are not so clear-cut. In many ways the industry seems to regard itself as in a period of transition. The possibilities of a two-tier system are being studied but not everyone is agreed about what is meant by a two-tier system.

There is now a growing consensus of opinion that the powerful influence of British

Extending the idea further some experts believe that five or so top stockholders could perform a special role within the top tier. They could take on responsibility for supplying the many small stockholders with British Steel products at special discounted trade prices. The companies would be relieving the British Steel mills of the job of handling small customers and prices would of course have to be pitched as to pay for local orders for steel.

That is one possible scenario which is being discussed as a way forward for British Steel stockholders to the two-tier system. A number of stockholders also have their own pet schemes in mind.

Oppenheimer says that to start up such distribution business is depressed. He added, "The local expansion programme involves spending between now and 1980 more than that as they make plans for the next boom."

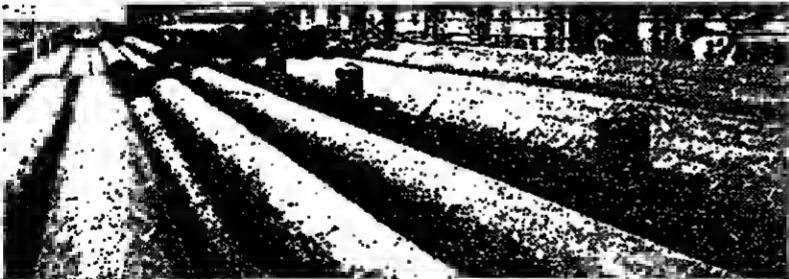
Roy H

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Watchdog develops its bark

10 YEARS ago, almost to the day, Mr. John Annetts, the recently retired chairman of the national Association of Steel Stockholders, ended his address to the association's annual conference at Eastbourne with a message that although the steel industry was skidding into catastrophic times, it was necessary to think beyond the recession.

He continued: "The economy will recover; although it may take a little longer than generally expected but when the upturn comes, we must be ready to resume our advance, not only in increased tonnage but also in a larger share of the market."

Even Mr. Annetts with his wise caveat that the recovery might be more distant than was being generally assumed, could hardly have allowed himself the depressing thought that two years later the first part of this statement could be repeated without amendment. In those two years there has been only one phantom upturn and most stockholders today cannot see anything better than a flat future ahead this year. Most feel moved to guess that things might be a bit better in period one of next year, but it's not much more than a guess.

As for the second part of the ex-chairman's statement, well, it is instructive simply to note a couple of remarks from the text of his successor, Mr. John Woodbridge, in being delivered to the association's annual meeting in Torquay today.

On market share, Mr. Woodbridge also permits himself a proviso, by agreeing with Professor Galbraith that we live in an "age of uncertainty." But, he insists, there is "one sure factor, that the industry will never again see a growth pattern such as it has enjoyed in the past and its problems in market research and in management will be much more concerned with commercial viability and market place economy than it has in the past."

Turning, later in his speech, to the difficulties of stockholders in attempting to turn over much higher tonnages of steel, he notes that 1976 sales were in fact, at 2,96m. tonnes, 16 per cent. up on the very low levels of 1975. The lesson here, he suggests, is in the contrast between the general gloom in

the trade and these "by no means disastrous sales figures," thus reflecting "the truth of the often stated adage that tonnage does not make profits."

The difference in attitude between the two chairmen, as illustrated by these remarks, is not so much evidence of inconsistency or a switch of approach as of an indication of the resilience of the stockholding sector during the two most disastrous years in the memories of British steelmen. There has not been any spate of bankruptcies or even very poor results from stockholders during these years and the reason for this is that they have learned the lesson which Mr. Woodbridge has quite correctly chosen to emphasise today. The recession has demonstrated, if such proof were needed, that the ESUM, stockholding industry, carved out for the most part in the course of a generation, has the ability to survive if not to greatly expand.

The process of adapting to these changes has, of course, been continuous. For the stockholders' association itself, it has meant an examination of its role and an attempt to identify new services. In the last few years, this has meant, for example, the establishment of a committee considering the newly urgent issue cash flow and Mr. Woodbridge will today be telling his members that the association intends to play a much bigger part in the future in the collection and dissemination of statistics and information.

Commitment

Part of the purpose here is to sharpen a useful tool of stockholding management, but there is also a commitment to add to the input of knowledge to Government and to steelmakers, notably the British Steel Corporation. It is mainly in response to a request from BSC that a major initiative is now under way to collect information about the markets served by stockholders.

The association's relationship with BSC remains of paramount importance, even though the corporation's share of the U.K. market has slumped to a disastrous 55 per cent. as a result of uncertainty of supply across a wide range of products. Spice was added to the relationship

too when the corporation, three years ago, launched its own foray into stockholding with the establishment of the British Steel Service Centres.

This move understandably caused some anxiety and suspicion in stockholding circles, but what fears there were have eased now into a really rather self-satisfied feeling that through its own stockholding business, BSC has learned a lot about the problems of stockholders, without being able to expand to the desired level. In particular, it is noted with relish that BCSC, which has operational autonomy within the Corporation, has been led by commercial pressure into buying a high proportion of its steel from non-Corporation sources.

The British Independent Steel Producers Association recently estimated that about 40 per cent. of the U.K. stockholding industry now has some association with BISPAs companies.

This can range from highly specialised stockholding outlets of special steel companies, to the large, and often extremely important, separate business arms of steel groups.

In addition, some of the steel producers themselves act as stockholders to some extent, particularly where their end product is outside the normal run of commercial steels.

Where a steel company operates a stockholding subsidiary, there is usually a fair amount of freedom of operation. Rigid ties, in that the stockholder is merely an outlet for the production of the parent company, are rare.

There is even a feeling at the moment that BSC may be preparing a long-term withdrawal from stockholding, although this is probably based more on an extension of the stockholder's favourite logical thought-pattern, again given expression today by Mr. Woodbridge than on genuine BSC intentions. He declared: "It is impractical for a major producer to operate economically plants requiring a massive optimum output, if at the same time his capital and resources are restricted by having to hold an enormous inventory. The stockholder relieves the producer of this burden and ensures a far wider market for his product and the availability of the product to the consumer at the right time and in appropriate quantity. The consumer is also in consequence relieved of the necessity of carrying an excessive inventory and the nation's capital resources in this field are best employed through the stockholder network. In simple terms, one stock instead of three."

The association's view is that Sir Charles Villiers, the BSC chairman, is precisely right to concentrate on providing commercial satisfaction for his customers, whether they be in stockholding or direct supply. It is certain that only through the improvement of these commercial relationships can BSC claw back the share of the U.K. market which would justify continuing massive public investment in its business at the rate of £500m. a year.

Perhaps this relationship can best be illustrated by the way that two of Britain's bigger private sector steel producers have developed their stockholding interests. Both, in their own way, are success stories.

Johnson and Firth Brown do not have a U.K. stockholding operation in their main steel division, although part of their engineering division, Church and Bramall, have stockholding interests.

Nevertheless, their steel division does have an important stockholding subsidiary in Switzerland in Firth-Stahl, which illustrates how parallel activities can develop and complement each other.

Origins

Firth-Stahl's origins go back to 1914, when the former Thomas Firth and John Brown group set up an agency in Switzerland. By 1924, this had developed into the forerunner of the present company, dealing initially in tool steel.

The development of stainless steel in the 20s led by companies within the U.K., brought a major change, and soon Firth

Stahl began its long association with the Swiss watch industry, supplying the stainless steel for watch cases, and later for precision instrument work.

Now, Firth Vickers, the JFB stainless steel subsidiary and other group plants supply only about half the steel sold by the Swiss subsidiary, who are also developing well beyond their initial stockholding into chemicals and plastic coated steel. Annual sales of steel have now increased from the former average of about 60 tonnes to a current level of around 2,000 tonnes, still largely in the watch and instrument industries.

In turn Firth-Stahl has been developing its own steel export business, servicing customers in Germany and France, as well as achieving some success in the Middle East market.

Just as successful, but far more conventional, is the stockholding operation of the Arthur Lee group, which trades as C. Roberts, and can trace its origins back to completely independent activities more than 50 years ago. By the 1950s, they had developed modestly but surely, and became the first Sheffield stockists of both stainless and alloy bars.

Stockholders, there can be no doubt, have been largely responsible for assisting BSC's market decline by buying large quantities of imported steel. That said, it is only fair to add that there are stockholders who have never, even under the financial pressures of 1975 and 1976, taken more than about 5 per cent. of foreign steel. Ghastly tales of stockholders carrying half their stock in cheap, not to say "dumped" imports, contain an element of truth, but 15 to 20 per cent would probably be a truer average.

Mr. Woodbridge warns against the dangers of buying dumped steel in forthright terms on the grounds that such low prices holders, inevitably, tied themselves to foreign suppliers during a period when demand was expected to rise, with the result that within a short space of time the Corporation was making steel no-one wanted to buy.

Stockholders, with a complete justification, ask if BSC cannot supply the home market when it is bumping along the bottom of a trough, how it will ever do so when manufacturing industry picks up and steel is once more in demand.

Sir Charles Villiers, who was due to attend today's chairman's address in Torquay, will be hearing words whose force he readily appreciates but as recent events at Port Talbot steelworks have demonstrated, most of the answers have still not been found.

Restrictions

A good example of the problem was provided last year when BSC's blastfurnace and other problems at its Llanwern plant forced it to restrict allocations of cold reduced sheet to stockholders, thus stimulating the further flip to imports. Stockholders, inevitably, tied themselves to foreign suppliers during a period when demand was expected to rise, with the result that within a short space of time the Corporation was making steel no-one wanted to buy.

Some of the direct contact between the producer and a major customer, not to mention the increased purchasing power of the stockholder who can negotiate such package deals, have only increased the interest that the producers have in the stockholding field.

As for the future, there is little doubt that the interest will continue. Perhaps not on the scale of the last ten years as far as the independent steelmakers are concerned; many feel the present situation is a comfortable and adequate one.

When one accepts the commercial sense of a steelmaker extending his interest in the raw material field, to try to get greater control and stability over pre-steelmaking interests, then, strong presence at the other end of the business field is inevitable.

Roger West

Groups form their own outlets

OVER THE past decade, an increasing number of Britain's independent steelmakers have built up, or extended, their interests in the stockholding field. The pattern is evident, in recent ventures by the British Steel Corporation, and by other major steelmakers in Europe.

The British Independent Steel Producers Association recently estimated that about 40 per cent. of the U.K. stockholding industry now has some association with BISPAs companies.

This can range from highly specialised stockholding outlets of special steel companies, to the large, and often extremely important, separate business arms of steel groups.

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Roger West

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BSC learns the trade

IN SPITE of public promises and private assurances from the British Steel Corporation that it has moved into steel stockholding with the best of intentions and will continue to act honorably with all sections of the trade, there are a good number of stockholders who still view the development with suspicion.

Inevitably discussion keeps returning to the imponderable question of how far the corporation will use its investment in stockholding to further its own interests, and to what extent will the arrival of Gollath upset the existing pattern of British steel stockholding.

British Steel's reasons for moving into stockholding were partly defensive. It foresaw being at a disadvantage when confronted by the united ranks of stockholding customers able to negotiate with one voice about special prices for their bulk orders. But there was also the lesson of what had happened in Europe. British Steel considered the fact that some three-quarters of the European stockholding industry was in some way connected with the primary steelmakers. With Britain part of the Community obvious dangers to British Steel's market would arise if it were the one major steelmaker standing alone outside the stockholding trade.

There was also, among the new sales team at British Steel, a genuine desire to get closer to customers—in itself a difficult thing to do at a time when the pattern of British Steel business was becoming more and more concerned with bulk steel, and progressively less concerned with selling small parcels of steel to end-users. Those were the original reasons why British Steel decided to set up a new subsidiary called British Steel Service Centres and to aim for a 15 per cent share of the British steel stockholding market across the range of products.

Aspirations

In the interval since the original talks in 1974 between BSC and the steel stockholders over the corporation's stockholding aspirations, the corporation has had plenty of time to rationalise its motives. Mr. David Waterstone, the commercial director of BSC, itemised them as follows. To begin with, the corporation was in a situation where half-a-dozen of the big British stockholders could affect 45 per cent of the corporation's home market. That was sufficient, clearly, to produce a defensive feeling. As chief salesman he was also conscious that "it is bad for our business to lose touch with the far end-points of our markets." The move into stockholding provided the essential link that had been missing before.

Then there was the whole new strategy of the corporation, to become an aggressive steel seller rather than a defensive stockholder. A big stockholding

business was a useful piece of equipment to help that strategy along: "It enhances our market claim."

Finally, BSC saw in stockholding a way to turn a profit. Steelmakers have been heard complaining loud and long that the only profits coming out of the steel business in difficult trading times seem to be made in the stockholding portion of the chain between mills and customer. So BSC had a sound profit motive and expects to get a good commercial return on its stockholding activities in the long run.

British Steel Service Centres is run from a small headquarters office at Halesowen in the heart of the steel trading area of the West Midlands. The company started in 1975 with existing corporation stockholding interests representing a £10m. a year turnover. It had H. F. Spencer and Lye Trading, which became Lye Spencer. Then the corporation proceeded to acquire stockholders by purchase, taking on Cummins and Cutler, Alfred Simpson, and Wilson Steel Services. At the same time a major move into Europe was made with the acquisition of Walter Blume, the

West German plate stockholder with branches throughout Germany.

The declared objective of BSSC is to have 15 per cent in all products and so far it has come remarkably close to that target in most types of steel trading, with the single nagging exception of general steels. The necessary stockholding capacity in general steels has not fallen off the branch for BSC as easily or as quickly as the corporation had hoped.

When the corporation's ambitions were discussed with the stockholders the orderly progression of BSSC towards 15 per cent was the subject of a gentlemen's agreement. But the going began to look a little rougher recently when Mr. Cliff Keeler, the director in charge of BSSC, began to point out that the corporation might have to build up new companies from greenfield sites if existing companies were not inclined to be taken over. He actually made a move in that direction by increasing sales teams to carve out new general steels business. It is still not clear how he will achieve his target of 15 per cent of the general steels business. But it would not surprise

the stockholding industry if for everyone.

Ultimately British Steel's stockholding interests must pay their way. On an employed capital of £40m. last year they will not receive favourable treatment either on pricing from the mills or on the steel during difficult periods when shortages and price bottlenecks are being encountered.

The British Steel stockholding venture cannot yet be said to have proved its worth. It has been born in difficult steel trading and it has not reached full stature. Critics against it are to be dying away with other stockholders realising they will not necessarily be taken by the new entrants in case with them.

The next time the British Steel stockholding hits the headlines it will announce another big steel acquisition. BSSC is looking around Europe more than a year and a half to become established to strengthen the European section and help the British Steel products in Europe.

Time and again the top executives of British Steel have pledged that the corporation forming the BSSC organisation will not receive favourable treatment either on pricing from the mills or on the steel during difficult periods when shortages and price bottlenecks are being encountered.

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While private stockholders who are heavily reliant upon British Steel for their supplies look askance at the new State-owned stockholding organisation, they have not so far been heard to complain about any actual discrimination being shown against them by British

Moving into Europe

THE EUROPEAN steel business is in such a depressed state at the moment—and has been for such a long time—it is no wonder that very little in the way of cross-frontier deals have been seen during the past year or so.

Most Continental European markets are in deeper recession than the U.K. so it is clear companies do not have the cash to spare, or perhaps even the strength of will, to go out and acquire businesses outside their own country.

But there is no doubt that the underlying trend is firmly established and acquisitions, particularly of Continental stockholders by U.K. concerns, are sure to become a feature of the next upturn, if it ever comes.

For example, the British Steel Corporation's stockholding offshore, British Steel Service Centres (BSSC), is actively looking at the French scene to see whether it can enlarge its European activities again, having only recently taken over Walter Blume, the West German steel stockholder.

BSSC in April last year acquired a 75 per cent stake in Blume which was up to then a family-owned company with about 10 per cent of the West German stockholding market. The U.K. group are reputed to have paid £2m. for Blume which has its principal warehouses and offices in Stuttgart and 14 branches around the

country.

There is no doubt that Blume, like most other Continental stockholders, has had a rough time recently. But this has not deterred the BSSC. Mr. Clifford Keeler, the director in charge of BSSC, says: "We want a reasonable presence in Europe, principally in Germany and France." And to this end some investigations are going on in France at the moment. But Walker's £41.4m.

The BSSC is not alone among privately-owned, operate in some of Europe's major industrial centres and had a 1974 volume turnover of some £1m. to £1.2m. The venture rather than an attempt to start on a greenfield site from scratch. Each one of the Continental markets is different and local management and contacts are essential.

And the Continental stockholders differ from those in the U.K., too, in that they tend to concentrate mainly on merchandising and warehousing operations and are not nearly so far into the processing part of the business as are the British.

An interestingly different approach to Europe has been taken by C. Walker and Sons, Corporation. Steel Stockholding the group based at Blackburn.

In May last year the European Commission authorised it to go ahead with a joint buying agreement with two Continental companies, Lommaert and Ets. Metalurgiques J. Champion. The deal was first mooted in 1974 and at that time Lommaert, which operates in the Benelux countries, had a turnover of B.Frs.2,973bn. and Champion, of B.Frs.1,391m. compared with Walker's \$41.4m.

The three companies, all privately-owned, operate in some of Europe's major industrial centres and had a 1974 volume turnover of some £1m. to £1.2m. The venture rather than an attempt to start on a greenfield site from scratch. Each one of the Continental markets is different and local management and contacts are essential.

Although principally a buying arrangement—and in this connection the three have good connections with all the European steelmakers—the agreement covers other aspects of business. The companies will share technical expertise, market research, statistical and economic trends work, technical and management know-how and encourage staff exchanges. The agreement between them lasts five years from January 1975 and can be renewed.

To implement the deal, the three have set up a joint company called ISSCO (International Steel Stockholding Corporation).

"We are three profitable

companies with sound balance sheets. The combination of management attitudes and experience should be extremely valuable," says Mr. Geoffrey Miles, EEC group co-ordinator for Walker's.

Another U.K.-Benelux joint venture operation, started in 1970, unfortunately came to grief. John Williams of Cardiff pioneered the move by U.K. stockholders into Europe by linking in that year with Nobels-Peelman of St. Nikolaas, Belgium, to set up the Ghent Steel Centre. This venture had scarcely been seen on a sound footing—it was beginning to make a profit after three years—when the recession hit the volatile Belgium industry. Williams pulled out after another two years of losses and sold its 50 per cent holding in the joint venture to Nobels-Peelman. But the company intends to get back into Continental Europe when conditions are more favourable.

When those favourable conditions will occur again it is difficult to say. Certainly GKN Steelstock has had to suffer some hefty losses from its European venture, again in Belgium. GKN bought P. and M. Cassart in 1974. It was number three in the league table of Belgian stockholders and claimed around 10 per cent of the market.

But the short-term problems have not changed GKN's mind about the need for it to have a European presence. "We are learning as much in boom conditions," says Mr. Norman Richards, the GKN managing director.

And the reasons for the Cassart acquisition remain a good example of what is happening among the European stockholders. Cassart saw itself as high enough for Europe but not big enough for Europe and recognised it was a prime target for those companies seeking a foothold in Belgium.

But it did not want to become just another "tied" stockholder belonging to one of the French or German steel

markets by selling at such prices as will make home-produced British steel more attractive—at least as the stockholders are turning to British Steel more and more. They are, by and large, grateful to the corporation for—as one stockholder put it—"seeing the light over prices" and intend to support British Steel in its new conversion to the philosophy of the market place.

Neither producers nor traders in Britain are being upon the Davignon Plan being applied so strictly that it will disrupt a market situation within the country which seems to be slowly developing to the ultimate advantage of everyone including that most important figure at the end of the chain, the steel user.

It is also a fact of life in international steel trading that the British market has not suffered to the same extent as the Continental markets during the recession and that prices have remained generally higher in Britain than abroad. When Viscount Davignon announced the imposition of compulsory minimum prices for reinforcing bars earlier this month he promised that the special position of the U.K. would be taken into account. Mr. Edmund Dell, the Trade Secretary, had previously complained in Brussels that the effect of the minimum prices for reinforcing bars would be to drive British prices down to those levels. It does seem that the European Commission is taking account of the special position of Britain in preparing a new deal for the Common Market steel.

The need for action to underpin the EEC steel industry is not in doubt. Even the West German companies which had objected to price stabilisation

producers. So it actively a partner through the Bar Brussels. GKN was also studying the European holding scene with a view in mind and was in contact with the Bank which put under Cassart's name.

GKN's was determined to establish in Belgium, although the Europeans are all domestic in nature, and all of them feared, we hope, that acquisition of Cassart will be something about the steel stockholding as a whole.

What is quite surprising that the Continental stockholders have not been aged to enlarge substantially their interests in the U.K. The relative buoyancy of the market compared with that of Europe.

However, the trend is way. Recently the EEC steelmaker USINOR, through stockholding subsidiaries, Hammer Steels at Northern This tried a different approach in that it was a greenfield venture.

From Germany the KX group of steelmakers bought Howard E. Perry business the West Midlands and in the U.K. what most of the major British stockholders intent on doing on the tinest—established a foothold in a foreign market purchasing an existing business. In Kent, Helical Bar together with Usines Gu Boel, a privately-owned steelmaker, to set up O borough Steel. And Oders of Sweden is, among the seas groups with well-lished U.K. offshoots selling just its parent's steel product but other people's as Coutinho Steel, owned by Continental group, Couf Caro, is in the same category.

So there are a substantial number of links between British stockholders and their Continental counterparts. So far European Commission has intervened in this link process. And as long as it continues to show the same attitude, the prospect of more to come must be good.

Kenneth Good

Need for recovery on world market

A CONTINENTAL stockholder estimated recently that the amount of steel plate in warehouses across Western Europe was sufficient to supply all normal market requirements for six months. But these are not normal times and the demand for the plate is very low. This stockholding business in that item has virtually ground to a halt.

That is just one example of how the sluggish rate of activity during a period of economic recession can produce magnified effects in some specific trading areas.

The steel situation across the Western world, as monitored by the International Iron and Steel Institute in Brussels which represents 89 producing nations, shows steel production virtually static for more than a year at some \$8m. tonnes a month; much lower levels than the peaks of the last boom.

In the European Coal and Steel Community steel production has improved slightly after a dismal winter but is still below 12m. tonnes of raw steel a month, which is nearly 0.5m. tonnes below the level of a year ago. Producers in West Germany, France and the Benelux nations have all suffered badly. Italy has fared rather better. Output increased in the Italian mills by 10 per cent during the spring.

In actual production terms Britain has fared best of all within the Community. After a difficult year, 1975-76, during which British Steel's production fell to 17m. tonnes and the corporation lost £255m., production was steadily restored during the last 12 months in spite of the poor demand for steel. The corporation ended the year 1976-77 with losses of round £100m. and steel production estimated at some 20m. tonnes.

But there is no profit to be found in steel yet. Sir Charles Villiers does not expect British Steel to be in the black for several months to come. And few European producers are doing anything other than adding to their already impressive losses.

It was to try to restore some sanity into the steelmaking and steel trading market that the European Commissioner with industrial responsibilities, Viscount Etienne Devignon, spent the winter devising his rationalisation plan and persuading the Heads of State and the Commission to accept it. The closure of some Continental works nearing the end of their lives will be accelerated under the plan. Community and State aid will be provided to help minimise the inevitable social consequences.

The Community is taking a stronger line already against imports of steel from other parts of the world. It is acknowledged that the European market, even in recession, has been an excellent dumping ground for footloose parcels of steel from Spain, South Africa and the Far East. Even South Korean hot rolled coil has been seen in stockholders' bays and the port of Antwerp has at times seemed like a vast steel supermarket as the international shipments have piled up there.

The third leg of the plan is to prop up steel prices somehow so that the industry and all those who trade in steel will not be driven into the ground by a continuing decline in prices available in the market place. This is where British stockholders and the British Steel Corporation begin to ask questions of Viscount Davignon. The corporation is busy recapturing its lost home

markets by selling at such prices as will make home-produced British steel more attractive—at least as the stockholders are turning to British Steel more and more. They are, by and large, grateful to the corporation for—as one stockholder put it—"seeing the light over prices" and intend to support British Steel in its new conversion to the philosophy of the market place.

Neither producers nor traders in Britain are being upon the Davignon Plan being applied so strictly that it will disrupt a market situation within the country which seems to be slowly developing to the ultimate advantage of everyone including that most important figure at the end of the chain, the steel user.

It is also a fact of life in international steel trading that the British market has not suffered to the same extent as the Continental markets during the recession and that prices have remained generally higher in Britain than abroad. When Viscount Davignon announced the imposition of compulsory minimum prices for reinforcing bars earlier this month he promised that the special position of the U.K. would be taken into account. Mr. Edmund Dell, the Trade Secretary, had previously complained in Brussels that the effect of the minimum prices for reinforcing bars would be to drive British prices down to those levels. It does seem that the European Commission is taking account of the special position of Britain in preparing a new deal for the Common Market steel.

The need for action to underpin the EEC steel industry is not in doubt. Even the West German companies which had objected to price stabilisation

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STEEL STOCKHOLDING V

Brussels may shape the future

STOCKHOLDERS — the steel industry's middlemen — have been a general welcome to the Commission's plan to bridge steel prices. Belgium's Marchandis de la national trade association that often acts as the European sector's pressure group in Brussels, has given its blessing, saying that raises prices also by the value of dealers' inventories because of structure of the building industry in which they are mostly based on a European level, regularly in an industry where precise statistics are hard to come by, the large number of small construction firms make it more efficient for steel producers to channel their long products, such as rebar, through dealers, as rebar is sold direct to big users as the car industry. The Commission estimates that slightly over half of all stockholders' inventories is in long products.

Reinforcing bars amount to under 9 per cent of total steel production. But it users a particularly delicate market at the present Dell and the Commission has been reluctant to do them at a loss.

But the Brussels Commission has done, as the first stage of an overall plan for European compulsory minimum prices for reinforcing steel bars and sections, wire mesh, plate and rolled-sheet. The compulsory prices will last until the end of the year unless the Commission decides otherwise. While there is no set frame for the voluntary prices, which are set from the ingot bars, are set from the ingot gate but will obviously be what dealers can charge.

Reinforcing bars were some 20 per cent below the new minimum price in February and general steel orders in March were 20-25 per cent above the January and February level. It is not yet clear whether the improvement has been maintained through April or whether the upsurge was merely to beat the early May deadline that the EEC Commission had set for introducing its measures.

But the broad steel picture is still gloomy enough for Viscount Davignon, one of the activists in the new Jenkins Commission and evidently a man who wants to cut a dash on the European scene, to feel it necessary to act. Indeed it has been his privately voiced fear that if and when the market goes into another of its short term booms, the steel industry will lose the political will and cohesion that are needed to make vital long term structural changes.

Far the moment, Viscount Davignon has the figures on his side. According to the International Iron and Steel Institute, crude steel production in the original six members of the EEC fell 1.1 per cent in the first quarter of this year, compared to the same period of last year, and in the U.K., the fall was 1.5 per cent.

Imports

By contrast, Japanese production rose 5.7 per cent over the same period. But to the relief of these steel stockholders who deal largely in imports, the Commission is contemplating almost no action on imports. It is Viscount Davignon's thesis that imports are not European steel's real bugbear — they amount to only 10 per cent of total EEC production — but low prices. In any case the Commission is frightened of taking action that could encourage retaliation against a community that is 75 per cent dependent on the outside world for its raw materials and energy resources.

All that the Commission is doing is to introduce along with the new minimum prices a system of import licences. But these, for the moment at least, will be granted automatically, and are intended as a statistical check rather than a form of administrative harassment of importers. It has promised to be quicker of the mark in taking action against any dumping of steel on the Community market, but has in fact recently dropped its only anti-dumping case on steel (against South Africa), and is mainly confining itself to talking third countries into curbing their imports into the EEC.

It is quite possible that imports could seriously undermine the new minimum prices. But at the moment—with imports of reinforcing bars, for instance, only about 3.8 per cent of total EEC bar production—the Commission thinks this unlikely. On the other hand, exports could be hit. EEC exporters to Austria, Portugal, Sweden, Finland and Norway will have to stick by the new prices under agreements which require a uniform steel price between the EEC and the European Free Trade Association (EFTA). Beyond this EEC exporters could be open to

charges of dumping (selling at below domestic prices) if they do not stick to the new prices.

The overall aim of the Davignon Plan—which got broad political approval at the March summit of EEC heads of government in Rome—is, first, to stabilise prices to a level that enables companies to pay for investment in more modern plants and methods and then to supplement the steel industry's own funds in do this with aid from EEC resources and loans from the money markets, using the Community's high Triple A credit rating. Stimulating demand for steel is another matter, and outside the purview of the Commission which has not power or money to introduce general business incentives in member States.

The effects of the first part of this plan should favour the steel stockholders. Higher prices must help, and even the current quotas on deliveries have probably helped those dealers who are tied to particular producers from having to take on more unwanted stock. But the implication of the second part of the plan—the restructuring aspect—may not be so good. Viscount Davignon talks dramatically of 100,000 jobs out of the share of the overall market held up well: in finished rolled steel deliveries in 1976 it was 26.1 per cent, for instance. To imply that a great many jobs will have to go even if something is done. The Commission is in the process of reviewing its long term estimates for the steel sector. But even now officials are talking of a relatively much smaller industry by 1990, with perhaps only 10m. tonnes extra capacity by that date. Of course, some 50-60m. tonnes of new capacity may be added by then, but most of this will be replacement.

Will a relatively smaller steel industry mean a relatively smaller stockholding sector? So far, according to the International Federation of Stockholders (which groups EEC countries and a few other European countries), dealers' share of the overall market has held up well: in finished rolled steel deliveries in 1976 it was 26.1 per cent, for instance. To imply that a great many jobs will have to go even if something is done. The Commission is in the process of reviewing its long term estimates for the steel sector. But even now officials are talking of a relatively much smaller industry by 1990, with perhaps only 10m. tonnes extra capacity by that date. Of course, some 50-60m. tonnes of new capacity may be added by then, but most of this will be replacement.

Much, according to Brussels officials, will depend on the future product structure of European steel. If Europe abandons the relatively low technology long products to third country producers with cheaper labour, then the role of the stockholder may be diminished. But the fact that a modernised European steel industry cannot compete in this field is by no means yet conceded in Brussels. In addition it is pointed out that dealers can enlarge their market by offering to the user "a general steel service." Instead of just giving products warehouse space, stockholders can, as many are beginning to do, put added value into their stocks by cutting, shaping and meeting all the various "one-off" requirements of customers.

David Buchan

World market

CONTINUED FROM PREVIOUS PAGE

have now agreed to support the plan. The prize for all is the prospect of long-term restructuring and modernisation of European steelmaking with the help of loans. Davignon estimates that 100,000 jobs out of the 700,000 workforce in European steelmaking could be in danger.

Outside Europe the American market is of tremendous interest to both public and private sector steel producers in Britain. British Steel has set up its own sales and marketing organisation there and there is growing activity among the private sector steelmakers to strengthen their sales drives. American quotas on imported steels of various types make the game more difficult but the potential of the U.S. market is too rich to be ignored. British Steel Service Centres—the stockholding organisation set up by British Steel—has carried out a study of the U.S. market and is considering the possibility of acquiring stockholding interests there.

Throughout stockholding the trend is for companies to think more internationally. British companies have done much to

improve working relations with their European counterparts and have reached the point at which they can act as one body to negotiate with the steelmakers.

The European Commission's forecast for the years ahead, General Objectives Steel 1980-85, estimates a growth of finished steel consumption in the Community of 3.7 per cent, with growth in Britain averaging 3 per cent for some years to come. Considerable doubt must be cast over those figures as they were prepared before the depth and extent of the current steel recession was known. But all recessions have to come to an end sometime and it will be instructive to turn up that forecast when the pace of steel trading quickens once again and to see whether the British and European industries get back on to the forecast targets.

One important contribution made by the forecast was concerned with the development of markets in certain types of steel. The expectation is that steel users will go steadily "upmarket", requiring higher

quality and more complicated steel forms in the production of their products. A growth of some 50 per cent in the demand for steel tubes is forecast, for instance. Demand for tinplate worldwide is expected to continue to boom. Even during the general steel downturn the tinplate users—the canmakers—have been taking a bigger tonnage each year. In Britain, British Steel, the only tinplate producer, has had difficulty in keeping up with the growth in demand in the home market while continuing to maintain an export trade.

Stainless

One of the most exciting growth areas in all advanced world steel markets is in stainless. The American, Japanese, French and West German producers have dominated the trade. But now Britain is fighting back strongly, with some of the best new stainless steel production plant in the world designed to put Britain up among the market leaders.

The slump in the construction industry has been a major

reason for the poor demand for steel. In Europe and North America there is a dearth of large and steel-hungry projects such as bridges, major highways, big office and industrial developments, and other infrastructure projects such as new airports. In the European Community demand has been particularly sluggish and steel stockholders reckon they have "lost" several years of normal growth in general steel products for buildings and public works, and in structural steel specifically.

In Britain the British Constructional Steelwork Association has tried to help its members with a strong export drive with emphasis upon Middle East business. Steelmakers and stockholders have co-operated to try to offer a package deal type service on contracts there and to ensure a proper flow of steel needed on site.

The international construction industry is of vital importance to the steel stockholders. When it starts to become busier the fortunes of the stockholders will at once improve.

R.H.

When you buy stockholder steel you have a problem

The problem of deciding which steel stockholder to buy it from. Are you equipped to make such a decision? Answer these questions and find out.

- 1 You are a steel buyer, it's Friday afternoon—late. There's a panic on to get some steel for an important job. Do you
 - a Go home and forget about it until Monday.
 - b Worry all the weekend.
 - c Call Cashmores immediately.
- 2 A stockholder claims that he is never out of stock of the items you usually buy. Do you
 - a Believe him.
 - b Disbelieve him.
 - c Doubt whether this is so as even Cashmores are occasionally out of stock of individual items.
- 3 Your steel is late arriving. Have you
 - a Not ordered it from Cashmores.
 - b Forgotten the date yourself.
 - c Been given a promise someone can't keep.

- 4 A steel stockholder who is a lot smaller than Cashmores tells you he can cope just as well really, and being smaller can offer a more personal service. Will you
 - a Take his word for it and give him a trial order.
 - b Ask him how much he knows about Cashmores.
 - c Raise your eyebrows in surprise.
- 5 A new steel supplier offers a 24 hour delivery service. Do you
 - a Give him an order even if you don't need it for seven days.
 - b Ask him what penalty he will pay if he fails to deliver within 24 hours.
 - c Remind him that reliability of delivery is what counts most—and that's why you buy from Cashmores.
- 6 You are on the motorway and you see a Cashmores lorry on the opposite carriageway. Do you
 - a Flash your lights and wave enthusiastically.
 - b Grin.
 - c Smile confidently to yourself.

- 7 A colleague suggests you should try alternative sources to get the best steel bargains. Is he
 - a Completely unaware of Cashmores' competitiveness.
 - b After your job.
 - c Giving sensible advice.
- 8 You need steel to a specification not at all common in your business. Do you
 - a Search frantically through the yellow pages.
 - b Ring one of Cashmores specialist divisions.
 - c Wonder if the little man down the road happens to have a bit.
- 9 A steel stockholder you have never dealt with offers to supply at an "unbeatable" price. You
 - a Disbelieve him.
 - b See if Cashmores can do better.
 - c Snap it up and hope for the best.

- 10 You need regular deliveries of stainless steel at two of your company's factories. One factory is in Glasgow, the other in London. Do you
 - a Contact one man at Cashmores.
 - b Appoint two suppliers in the respective areas and keep your fingers crossed.
 - c Go to Glasgow, then go to London, then back to Glasgow, making up your mind what to do.
- 11 Your managing director insists you go to another source for bright bar. Do you
 - a Ring Frank Stacey.
 - b Ring Macready's.
 - c Ring Steel Parts.
- 12 A competitor phones you for advice on a steel supply problem. Do you
 - a Agree that a buyer's life is often difficult.
 - b Suggest he comes and works for you.
 - c Tell him it serves him right and to use Cashmores next time.

Check your score

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2012	8120
3201	9120
4120	10210
5012	11021
6201	12102

Your rating

25 now! now you must have cheated—or you can't add up

20-24 flattery will get you almost anywhere and we think you're wonderful

15-19 but seriously, you're doing a grand job.

10-14 not bad but still some room for improvement.

5-9 perhaps you should leave the buying decisions to someone else.

0-4 so you've got a sense of humour too.

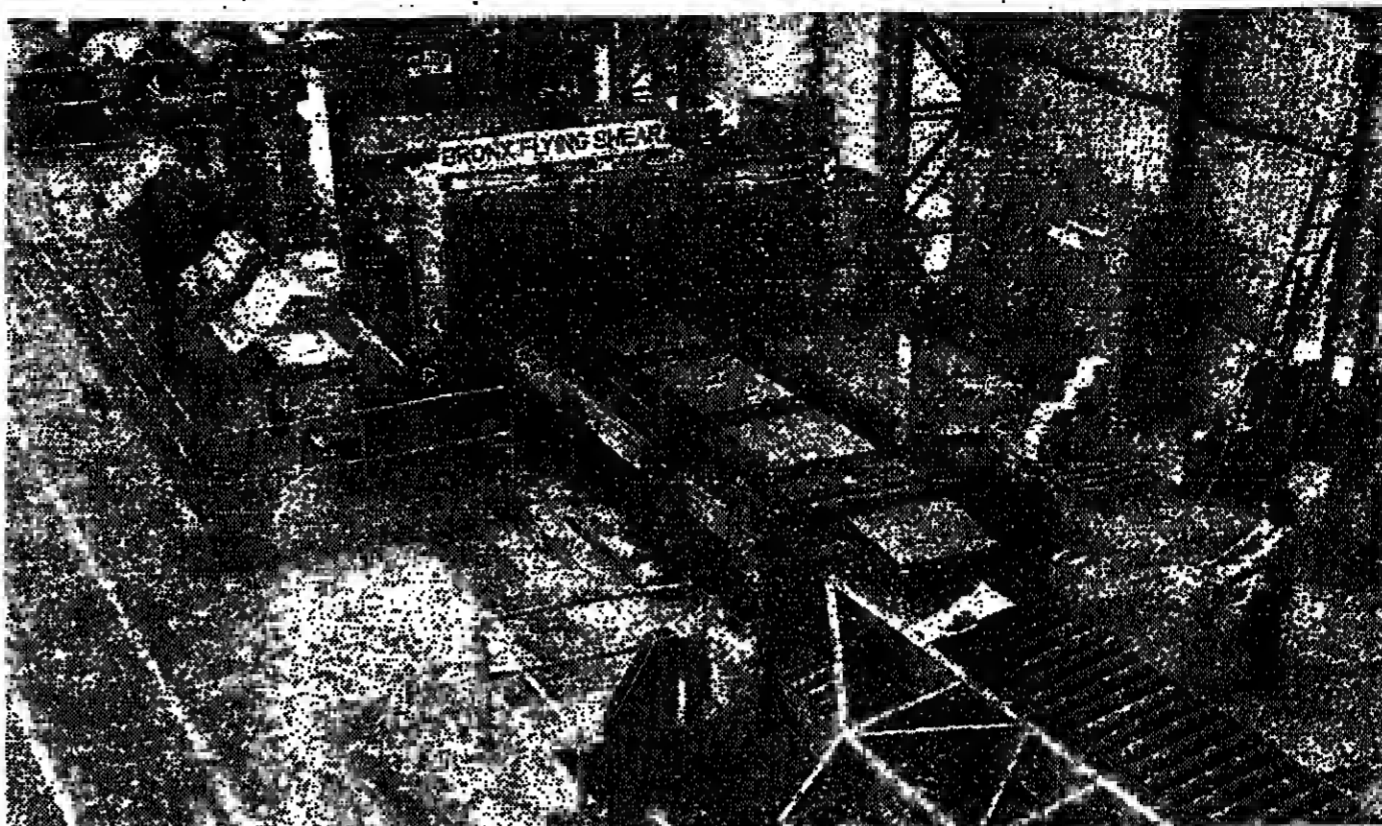


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GLYNWED

STEEL STOCKHOLDING VI

Cash flow relief sought



This flying shear, necessary capital equipment for most plants, cuts accurate lengths of flat steel at an operating speed of 60 metres a minute.

AN AVERAGE of about three-quarters of the stockholder's costs are accounted for by what he pays for his steel, so it hardly needs stressing that in a two-year period in which the price of this staple commodity has risen by an average of 40 per cent careful cash flow control has been vital.

All businesses, of course, must give continuous attention to such matters, but in the long period of almost unchecked expansion in steel stockholding which preceded the present recession, lack of finesse in cash matters could be easily concealed behind improved performance through increases in the volume of steel sold.

But with volume more or less flat, the stockholder found himself buying and selling one lot of steel within one price range (because at the start of the recession the price code forbade the sale of old steel at new prices) and then having to buy his next order at a substantially increased price. Adding to the strain, of course, was the fact that interest rates were climbing to unprecedented levels.

Some of these difficulties were capable of resolution through sensible adaptation on the part of Government and since the National Association of Steel Stockholders has a record which many trades associations must envy of getting the Government to see its point of view, there has been considerable progress. NASS was heavily involved in persuading the Chancellor to include stock appreciation tax relief measures in his 1975 Budget and it is now expected that stock relief will remain a permanent feature of U.K. fiscal policy.

Eased

Similarly, the Association, through its cash flow committee, has pressed successfully for modifications in the price code which have greatly eased the purely inflationary costs of stock turnover. At present, negotiations are in progress over the position of stockholders under the terms of the revamped price code which will operate from August.

The Association has put to

the Government a variety of ideas for relieving the pressures on its members, including some element of relief for the cost of interest payments accumulated during two to three years of fairly static real profit levels. Other suggestions have been restoration in full or in part of the 10 per cent cut in gross margins on which stockholders' price code reference levels are based or alternatively some improvement of the somewhat complex formula governing net margin control. This margin is at present effectively pegged at 6 per cent.

Another area of public negotiation with officials concerns the whole principle of current cost accounting and the Morpeth proposals contained in exposure draft 18. No one needs to convince the stockholder that historic cost accounting is misleading to the point of being dangerous and stockholders are in the forefront of those anxious to see speedy legislation for change.

The Stockholders' Association does have some reservations, however, about aspects of the Morpeth plan. In general terms it wants to see what it regards as basically a straightforward set of proposals simplified for public consumption and in particular it is worried about the idea of a staggered start for the scheme, with companies being drawn into the system over a period of years according to their size. The Association believes that its members, which span a wide range of sizes, are capable of coming into the system together and is afraid that if they do not do so there will be some unfairness of competition during the transition.

Those then are the public platform issues—all of them of the greatest importance for every stockholder, but they are not precisely the day to day cash flow anxieties with which steel stockholders have had to come to terms in the last year or two.

No matter how aware he is of the cash flow question, every stockholder has made difficulties for himself during the recession. A not untypical case might be that of Edward S. Johnson, the Tyneside general steel stockholder with a £4m. annual turnover, setting it somewhere in the middle rank of stockholding businesses.

Mr. Edward Johnson, the company's chairman and managing director, says the company is now selling 27 per cent less steel than it was at the height of good fortune in 1973. But stock levels have only been allowed to fall by 10 per cent in order to preserve a range of stock adequate to meet the needs of established customers.

The shortfall, and many must be bigger than that at Johnson, must be met by borrowing. This has meant a mixture of short and long debt for most companies and both these financing measures bring their own perils. Short debt has, until very

recent weeks, been almost prohibitively expensive. Long debt, also expensive, carried the added disadvantage of being a possible shackle to future expansion in the event of a market upturn.

In a period of rapid inflation too, the stockholder has been faced with the anomaly that the livelier his business, the faster he turns his stock over and the more short term finance he needs to keep the wheels turning. The depressed state of the market has served as a controlling factor here, but most companies have had to settle for peeing along at four times yearly turnover when the ambitious stockholder knows that in the right climate he might double that rate with existing fixed asset capacity.

Another factor which further tightens the strings on efficient cash management is the businessman's oldest problem of customer debt. Like most retailers, the stockholder is bound to regard an average 60-

day customer payment as the best achievable while he himself must wait to the steel maker with days. Because the value of his stock is so great and that of his suppliers so kind has even less latitude than retailers, who can jockey their suppliers' degree.

Not that it is quite so simple as that. The fact that the British Corporation's share of the market has slumped from 70 to 55 per cent in 1976 is indicative of the fact that many steel buyers have sought foreign sources for their requirements. Estimates about the amount of foreign steel in the holders' warehouses are enormous, but there is doubt that for many imports have provided means of easing the shortage.

Ideal

The National Association of Steel Stockholders speaks for most of its members; when it warns of a debasement of inventory through the inclusion of dumped steel and sets a price of a strong, reliable industry capable of both supply and quality.

These are the problem perspectives of recession, it is tempting to say, to the financial scene. It is departing from that perspective simply because there is so much uncertainty about when upturn in steel trading will come.

Likewise the stockholder has seen one upturn with last winter, the risk of a myopic approach to the question of how to finance expansion becomes possible?

Mr. Johnson believes could be serious difficulty for a lot of stockholders. He is not so worried about his own business as he is about the industry as a whole. He calls it "a good old-fashioned boom" because that is upturning, with the chasing steel which has stock and the stockholder some extent, calling the tune, has inherent value for the middle-man. There is what must be as more likely a gentle needing to be helped like a hot-house plant stockholder will be faced the need to find more cash on the excitement of a leather boom to assist persuasion of his bank manager.

Mr. Johnson's advice is enough. "Keep close to bank manager," he says, keep him informed of what trends in your business he believes too that from the companies, we may see resort to other methods of finance such as the rights issue.

This is a sound idea, certainly, but it is made so by the fact that it can be addressed to an industry that has survived with a resilience a full-scale recession and which has had to do it the value of both its management and stable external conditions.

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High cost of mechanisation

MECHANISATION IS making considerable progress in the steel stockholding business. But the cost of the capital equipment involved can be daunting. Any organisation thinking about setting up a reasonably-sized steel stockholding operation today could quickly account for equipment worth between £2m. and £3m.

If the stockholder is dealing in flat roll products he would need decolling lines. And a line able to handle coils of 12.5mm steel would set him back in the region of £200,000 to £250,000.

The stockholder would also need a slitter capable of dealing with products of up to 11mm. Here again the cost would be perhaps £300,000 or so.

Then there is the blanking line which takes a coil, cuts it to length, feeds it through slitting units and then stacks the blanks. This would cost at least

£400,000. A similar mechanised unit for sheet steel, which chops it up into blanks and has a slitter type of action, would be considerably cheaper.

The mechanised stockholder would also probably want a semi-automatic strapping machine for slit coil.

Any stockist dealing with general steels might buy a semi-automatic saw, possibly with its own conveyor system, as conveyors play a more and more important role in stockholding.

There are sophisticated saws for tube cutting. And profilers are swiftly becoming items of electronic equipment.

What lies behind this mechanisation process? One answer is that the stockholder can give his customers a better service. If the user goes to the mills for his steel he must buy standard-sized plate. That means he has to scrap the bits he cuts off the ends and the sides. By buying from a stockholder he can have an exact length cut from a coil, thus saving on scrap. Savings can be considerable now that steel coils go up to a thickness of 12.5mm.

At the same time, mechanisation helps the stockholder cut his own costs. In the words of one equipment supplier: "Stockholding is a cut-throat to-day. That kind of rate of inflation takes some time to adjust to psychologically. A year or so ago an estimate was made by the William King company—that the U.K. stockholding sector is using more than 1,000 metal sawing machines, more than 150 wide sheet and plate cut up, slitting and combined lines, and nearly 100 profiling machines and other equipment."

All this was reckoned to be worth around £50m. But what the replacement value might be it is difficult to guess. Higher prices for the equipment means that even the larger companies need to take a cautious approach about purchases. The need for such equipment to be in use for a very high proportion of the time accounts, been spending some money on mechanised equipment.

One of the main problems, as far as the private sector is concerned, is that the recession has left the steel users—the stockholders' customers—short of work. So they have tended to keep the processing work for themselves, even going to the extent in some

cases of purchasing the machinery necessary.

At Ductile Engineering, a company which can provide most of the equipment for any stockholder involved in a major investment programme (the main exception is that it does not make gullotines), they have had to make major efforts to push up exports because the home market has been holding back on purchases.

Ductile has found markets such as India and the Eastern bloc countries still spending money on steel processing equipment. But the competition for the business available has been as intense as any in other sectors of the steel industry, with Japanese and Italian manufacturers cutting prices to the bone.

Bright

All the prospects in the medium and longer term for steel stockholding in the U.K. seem reasonably bright. Yet companies are holding back on investment. Ductile Engineering believes the big problem is the amount of capital investment which is now necessary. Three or four years ago a stockholder could buy a decolling line for £80,000 to £90,000 instead of the £250,000 he might have to pay today. That kind of rate of inflation takes some time to adjust to psychologically.

Another constraint on investment by the stockholders today is that there is heavy overcapacity in some sectors. A 1974 survey by the National Association of Steel Stockholders, for

example, revealed that U.K. stockholders had the capacity to process every single tonne of steel delivered in this country by the strip mills.

The association put the potential decolling capacity of stockholders, assuming three-shift working, at 6.3m. tonnes a year, while slitting potential was estimated at 3.1m. tonnes. At that time these figures compared with actual sheet deliveries to stockholders from U.K. production of just under 1.5m. tonnes.

Since then there has been some contraction of capacity—but not on any significant scale.

The indications for the future are that the stockholder will be asked to provide a wider range of services to the customer. This could well involve him in the installation of complex cutting

and fabricating facilities so that many sizes of flat and section could be made up from heavy plate, coil, slit, cut to length and, where necessary, fabricated.

This would suggest that, not only is the stockholder going to take on more of the work once done by the mills—a trend which has been increasingly apparent over the past few years—but he will also be required to do some of the fabrication work currently carried out by the steel users.

This would certainly justify increased mechanisation at the stockholder's centres and it is possible to envisage an almost completely automated approach to the problems that such a system would throw up.



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Orders

Any company thinking about putting in a blanking line, for example, must be pretty sure that it has some firm, big orders for blanks.

Not surprisingly, there has been very little private sector investment over the past year or so. But the British Steel Corporation has, by all accounts, been spending some money on mechanised equipment.

Another constraint on investment by the stockholders today is that there is heavy overcapacity in some sectors. A 1974 survey by the National Association of Steel Stockholders, for

a special stockholder in special steels

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July 1977

Joy in 1975

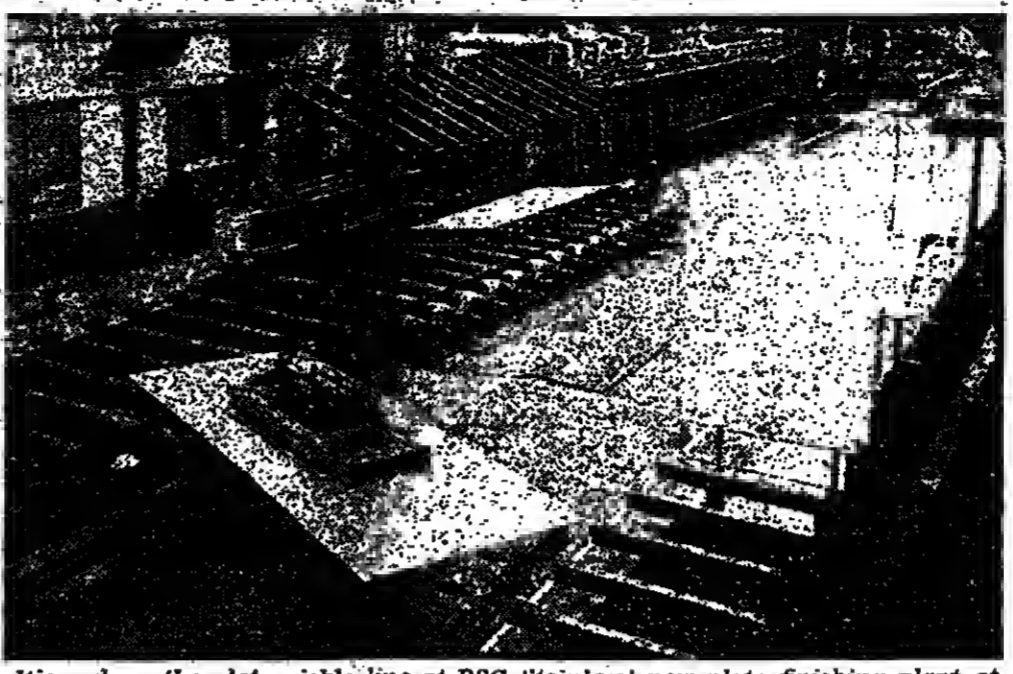
STEEL STOCKHOLDING VII

Stainless wants more of the market

GROWTH IN the use of stainless steel in Britain has been... at times painfully so. Sheffield where stainless steel activity is largely centred.

British Steel Stainless was set up with its headquarters in Sheffield where stainless steel activity is largely centred. The profit centre is handling a £190m investment to develop steelmaking and sheet rolling facilities at Panteg, South Wales, and to bring to fruition one of the world's biggest stainless steel production plants which is being built at Sheffield on the twin Shepcote Lane and Tinsley Park sites.

Secondly the corporation is going out hard for export business. Clearly other stainless steel producers are going to suffer from this commercial aggression. The Swedes who do not have modern flat product plants to compete on the scale of the BSC investment are virtually writing off their chances of staying in the British market and expect to have to fight hard against BSC in other world markets.



View along the plate pickle line at BSC Stainless' new plate finishing plant at Shepcote Lane, Sheffield.

That is the past and the present. It is the prospect that is exciting in the stainless steel business. And that is where the companies already in stainless steel stockholding expect to lean-up, with their organisations and contacts, both with producers and customers.

But the principal strength of Shepcote lies in the diverse finishing facilities for stainless steel sheet and plate up to the biggest sizes asked for by fabricators. The British stainless steel stockholders are being offered probably the best range of stainless that any world producer has yet catalogued, both in range of specifications and range of sizes.

Gordon Hill also has the commercial advantage against his big competitors in Japan, West Germany and France, that his plants will be producing more cheaply than existing plants thus enabling British Steel exports to be attractively priced while the corporation is still making a profit.

are Alfred Simpson, Alcan Metal Centres, Bramall and Wax, Brown and Tawse, GKN Steelstock (Mullberry), and C. Walker. That is the current line-up but British Steel Stainless has been holding a series of private discussions with other stockholders with the object of enlarging the circle.

The inner circle is seen by British Steel Stainless as a strong front line associated with, and loyal to, the corporation from which the market for stainless steel can be attacked. Each member company agrees to take nearly all of its stainless steel requirements from British Steel at special prices which give an advantage of at least 3 per cent over other customers—and in practice often considerably more.

play is that of strategic stockholding has had its problems down the years many companies have dabbled in it. One of the purposes of the two-tier stainless system is to encourage rationalisation of the industry. That will be partly achieved by takeovers and market pressures. It will also be helped to come about because trading will not be so attractive in the future for the companies specialising in importing stainless steel into Britain.

Integrated

New finishing plant to produce wide stainless steel plate up to 3 metres in width and 11 tonnes in weight has gone into production this year. Work is going on to build two new rolling mills and the corporation is considering whether to build a third either at Sheffield or Panteg. There is also to be a big investment on associated installations at Shepcote so that almost all activities for integrated stainless steel making and finishing can be concentrated there.

Six big British stockholders dealing in stainless form the top-tier or "inner circle." They are Alfred Simpson, Alcan Metal Centres, Bramall and Wax, Brown and Tawse, GKN Steelstock (Mullberry), and C. Walker.

Special steels form a world apart

THE DEVELOPMENT of special steel stockholding has followed a similar pattern to that of special steelmaking itself. Smaller, often independent companies, clearly apart from the bulk producers and stockists, aiming for a carefully defined market, and prepared to back up this drive with considerable technical and service resources.

Neither are these two admittedly advanced machines isolated examples of mechanisation currently going into the special steels stockholding industry. Increasingly, the specialist stockholder is having to examine, and update a whole range of plant for profiling and machining as well as a complex variety of saws and shears.

Both steels and super alloys, are available in a variety of forms, ex-stock, such as finished bar, black bar, or billet. They are also offered in a variety of rolled or forged shapes which involves taking the material from stock, then utilising the forge or mill necessary within the company.

Its customers cover the entire industry, ranging from the one-man-band to giants like ICI—a neat combination of specialist coverage, offering specialist steels.

The special steel stockholder can range from a company tailor-made to suit a specific market, such as the bar stockists for engineering, to virtual supermarket operations handling the rare steels and super alloys of the aircraft industry. In some cases, the special steel stockholders are natural and logical extensions of the steel company itself. These are able to support their sales with all the technical facilities, both in terms of plant and brain power, of the parent company.

Mr. Michael Howarth, who heads the stockholding operation for the group, claims the concept provides important time saving advantages. In the past, an aerospace order often had to go right back to the melting stage to be met.

And, despite the generally sluggish state of the aerospace market at present, he is satisfied with the way the concept has provided a springboard for increasing sales overseas in markets ranging from Japan and India to Canada.

It admits that the draught of recession has been around for 12 months or so, and it has not altogether escaped the chill. Nor can it offer much in the way of hope that the remainder of 1977 will bring a sustained upturn.

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INTERNATIONAL FINANCIAL AND COMMERCE NEWS

BASF sales for first quarter disappoint

BY GUY HAWTHORN FRANKFURT, May 12. BASF, THE MOST profitable of Germany's chemical...

EURO-DOLLAR LOANS Jordan's improving status

BY FRANCIS GHILES JORDAN has suffered from economic depressions of one kind or another for most of the past ten years...

Table with columns: Borrower, Amount, Spread, Maturity, Lead Manager. Includes Kingdom, Alia, Jordanian Hotels and Tourism Co., Jordanian Petroleum Refining Co.

Expansion pays at Ito-Yokado

BY YOKO SHIBATA TOKYO, May 12. ONE OF JAPAN'S major super-market chains, Ito-Yokado has reported a 33.7 per cent gain in net profit...

AMERICAN NEWS Warner enters the London lists

BY DONALD MACLEAN WARNER COMMUNICATIONS, which takes in the corporate producer of the television programme Roots...

Gamble-Skogmo in bid talks

AN UNIDENTIFIED European company is considering a \$200m takeover for the U.S. retail store chain Gamble-Skogmo...

Restructuring at Bancal

STANDARD CHARTERED BANK Ltd., the London-based bank holding company, turned down its \$100m cash offer...

Hotels reject anti-trust charge

FOUR HOTEL companies and the Hawaii Hotel Association have pleaded no-contest to Federal criminal anti-trust...

Fokker in the red

THE German-Dutch aerospace group VFW-Fokker has suffered a loss in profit of DM35m after yesterday said that it has proposed to omit the dividend for 1976...

U.S. rates firming

BY PAULINE CLARK BANKER'S TRUST Company expects money market rates to continue to firm as 1977 progress and is forecasting a rise in Treasury bond rates...

Slower rate Compared with the same period of 1976, BASF's first-quarter group sales rose by 6.3 per cent...

Creditanstalt puts case

BY TERRY WILKINSON, CITY STAFF CREDITANSTALT - Banverein, the Austrian bank which is being sued by a consortium of 11 London banks...

Skanska grows abroad

BY WILLIAM DUFFORCE STOCKHOLM, May 12. SKANSKA CEMENT, Sweden's largest and Europe's biggest construction company, expects to maintain earnings at roughly the same level for the third year running in 1977...

Tenneco International N.V. 7 3/4% Guaranteed Debentures Due May 15, 1987. Offering Price 98 1/2% and Accrued Interest. \$100,000,000. Tenneco Inc. MORGAN STANLEY INTERNATIONAL CREDIT SUISSE WHITE WELD COMMERZBANK SWISS BANK CORPORATION (OVERSEAS) S.G. WARBURG & CO. LTD.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS. Table with columns: Bond Name, Bid, Offer. Includes Straights, D-Mark Bonds, Convertibles.

\$25,000,000 City of Oslo 8.75% Notes due 1992. Kuhn Loeb & Co. New York • Boston • Chicago • Dallas • San Francisco International Affiliates London • Tokyo. May 10, 1977.

Handwritten signature or stamp at the bottom center of the page.

Copy 1:50

INTERNATIONAL COMPANY NEWS

Soft pedalling on dividends

BY JONATHAN CARR

TELEFUNKEN took a big step towards economic health in 1977. The company's need to consolidate its DMB7m, against a loss of 1976. The improvement in earnings enabled the company, among other things, to pay into its pension fund after two barren years.



Dr. Walter Cipa

This in turn will have repercussions on the labour force. Last year AEG's domestic labour force fell by 1,000 while personnel abroad rose by 800—far a total world wide of 101,900. Like many German companies, AEG is rationalising at home and expanding overseas. Dr. Cipa specifically defended the trend, noting that to refuse rationalisation would mean a loss of international competitiveness and, in the long run, even fewer jobs.

National Bank gets boost

SYDNEY, May 12. NATIONAL Bank of Australia boosted earnings by 10 per cent in the December year but is cautious about maintaining the same growth in the second six months. Earnings rose from \$A15m. to \$A18m. Group revenue rose 18.9 per cent from \$A162m. to \$A200m. and both banking and non-banking business made contributions to group earnings.

Abu Dhabi and Qatar form investment group in Europe

BY ANTHONY MODERMOTT. A NEW ORGANISATION with an unusual partnership between the Government of Abu Dhabi and Qatar has been set up in Geneva for channeling Arab money into Europe. The close link of the new company, the Gulf and Occidental Investment Company, with these Governments is illustrated by its shareholders. The fully paid up capital of Sw.Fra.5m. is shared equally between the Abu Dhabi Investment Authority, the Qatar National Bank, Credit Industriel et Commercial of Paris and the United States Trust Company International Corporation.

Volkswagen denial on Mexico

MEXICO CITY, May 12. VOLKSWAGENWERK AG Board president Tom Schmecker said on Wednesday that his company had no plans to pull out of Mexico despite losses registered at the Mexican plant last year. Schmecker would not specify the amount of the losses, which he called "heavy," but said they resulted primarily from the re-evaluation of the Mexican peso near the end of the year and the international slump in car sales.

Swire happy about 1977

HONG KONG, May 12. THE CHAIRMAN of Swire Pacific, John Brambridge, told shareholders in his annual statement today that he expected 1977 to be a year of reasonable growth for the company following last year's rise in earnings from HK\$73m. to 125m.—partly attributable to the acquisition of Swire Industries in late 1975.

N. Telecom buys Intersil stake

BY DONALD MACLEAN. NORTHERN TELECOM, Inc. has announced the purchase of about 11.3 per cent of the common stock of Intersil, a semi-conductor manufacturer based in California. Its purchase is of 605,840 shares or equivalent. The price is not disclosed.

Currys celebrates its golden jubilee with record results

Report by the Chairman, Denis Curry. In this our golden jubilee year as a public company, I am pleased to announce that the trading results for the past year have broken all previous records. The total Group turnover was £44.0 million compared with £37.7 million for the previous year. This business was exceptionally buoyant but there was also a substantial increase in credit sales. We have had to add an additional provision for unearned profits of £1.1 million compared with a reduction of £0.88 million in the previous year. After these transfers our profit before tax amount to £10.03 million against a previous best of £8.08 million in 1975/6. The corresponding figures after taxation are £7.80 million and £7.71 million respectively. It is proposed to transfer £3.85 million (1975/6 £2.42 million) to a provision reserve, which will then stand at £7.79 million.

TRADING The most important event during the year was the acquisition in August from Loyds Retailers Limited of their subsidiary, R.W. Profit Limited, trading through 77 shops. This subsidiary has now been fully integrated into the Group and, although trading at a loss at the time of acquisition, made a small profit in the latter part of the year. Value added tax on nearly all our merchandise was halved in the April 1976 Budget; thereafter, business continued brisk for the remainder of the year. Whilst pressure on gross margins has remained severe, the high level of turnover achieved, combined with a close control of costs, has resulted in the very satisfactory outcome to the year's trading.

OUTLOOK Since the end of January, levels of trading have proved disappointing. With no boost to our merchandise from the recent Budget and no indications of any imminent increase in real consumer spending power, there appear to be no solid grounds for optimism about our sales prospects for the next few months. The longer term prospects for Britain are, of course, relatively good and the Company is exceptionally well placed to take advantage of the increase in business activity which must then surely follow. Both financially and in terms of its market coverage and organisational structure, the Currys Group of Companies has for many years been strongly based. This strength is increasing continuously.

Table with 5 columns: Year ended January, 1973, 1974, 1975, 1976, 1977. Rows include Group turnover, Profit before taxation, Profit after taxation, Transfer to provision reserve, Dividends-net, Earnings per share, Assets per share.

BANK OF AMERICA World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, May 11. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (mt. the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

Table with columns: Country, Currency, Value of DLR, Country, Currency, Value of DLR. Lists various countries and their exchange rates with the US dollar.

Annual Report and Accounts: extracts from the statement of Mr Alastair Down, chairman and chief executive.



1976 Results. The results for 1976 show a loss before taxation but after charging interest of £7.89 million, compared with £13.69 million in 1975 and with £14.96 million for the first six months of the year. While seasonal factors, exchange rates and other fluctuations make direct comparison difficult, the improvement in the second half is encouraging.

were commenced against the Bank of England last October. It is not possible as yet to estimate reliably when the hearing will commence, but the proceedings are being vigorously pursued. I can assure stockholders that if there were to be a settlement, the final terms would be referred for their approval in general meeting.

The recovery strategy. The underlying strategy of the recovery programme was that Burmah should remain an oil-based industrial enterprise. In this respect, one of the principal activities of the group in the foreseeable future will be the marine transportation of petroleum products based upon the use of liquefied natural gas (LNG) carriers.

Table with 2 columns: 1976, 1975. Rows include Turnover net of duties, Profit on trading excluding tankers, Loss on tankers, Profit on trading, Net operating (loss) profit, Net interest charge, Loss before taxation, Loss before extraordinary items, Extraordinary items, Profit, (loss) after extraordinary items.

Burmah The Burmah Oil Company Limited. Includes address and contact information.

Currys National Multiple-Retailers of Domestic Electrical Appliances, Television, Radio and Audio Equipment operating through 484 Stores, 8 Retail Warehouses and 32 Regional Service Stations.

APPOINTMENTS

Managing Director AGRICULTURAL MACHINERY

for a notably successful company with a widely acclaimed reputation for high quality and technical leadership in its product range.

- THE task is to assume responsibility for the total management of the business and, building on success, to accelerate further profitable growth by expanding the existing business and extending the present product range.
• THE requirement is for a qualified engineer, preferably a graduate, with a record of success in managing and expanding an engineering business concerned with manufacturing, assembly and marketing.
• SALARY to match experience and achievement is for discussion with around £20,000 as the salary indicator. Attractive West Country location.

Write in complete confidence to Sir Peter Youens as adviser to the company.

TYZACK & PARTNERS LTD 10 HALLAM STREET LONDON W1N 0JF 12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

Elizabeth Arden

A vacancy has occurred for a

FINANCIAL CO-ORDINATOR

In the European Area Office of this leading cosmetic house based in the West End of London.

The position, which reports to the Director of Business Planning for Europe, co-ordinates routine financial reporting and analysis for Elizabeth Arden's operations in Europe and is responsible for business studies on projects and marketing opportunities.

Applicant should possess the analytical ability and interpersonal skills to establish and maintain an effective working relationship with affiliate management at all levels in Europe and Indianapolis where the parent company is based. Consequently, some travel will be required.

The position should interest an MBA or graduates with 2/3 years experience in financial analysis.

Please write with full details for: John D. Pasch, Area Personnel Director, Elizabeth Arden, Henkle House, Henkle Place, LONDON W1M 0ED

Elizabeth Arden

GILT AND MONEY MARKET DEALER

Required by Manchester Exchange and Investment Bank Ltd. for the development of an exciting new opportunity.

The ideal applicant will be mathematically minded and have had a minimum of five years' experience of the Gilt market with a good working knowledge of the Money Market and fixed interest portfolio management.

Preferred age 30. Salary negotiable. Written applications in confidence to the Secretary, Manchester Exchange and Investment Bank Ltd., Shelley House, Noble Street, London EC2V 7JQ.

FOREIGN EXCHANGE CLERK

REQUIRED BY LONDON STOCKBROKERS Successful applicant will be conversant with Exchange Control regulations and be capable of arranging settlement of all aspects of overseas bargains and currency. Salary by arrangement. Pension scheme and season ticket scheme. For further details please telephone Mr. Page 01-377 9242

COMPANY NOTICES



FORD INTERNATIONAL CAPITAL CORPORATION

NOTICE OF EFFECTIVE DATE FOR ADJUSTMENT OF CONVERSION RATE FOR THE 5% CONVERTIBLE GUARANTEED DEBENTURES DUE 1988

On May 12, 1977, the stockholders of Ford Motor Company ("Ford") adopted a resolution approving the amendment of the Certificate of Incorporation so as to reduce the par value of Ford's capital stock from \$2.50 to \$2.00 a share and to change and redesign such stock so as to affect a 5-for-4 stock split.

Table with columns for CITIBANK Trust Office, CITIBANK P.O. Box 78, CITIBANK Grosz Gallus Strasse 16, CITIBANK KREDIETBANK, S.A., CITIBANK 249 Avenue de Tervuren 1150 Brussels, Belgium, CITIBANK Milan, Italy, CITIBANK 80 Avenue de Champs Elysees Paris, France, CITIBANK 37, Rue Notre Dame, Luxembourg.

Over £5,000? Under £15,000?

Over 27? Under 57? JOB HUNTING?

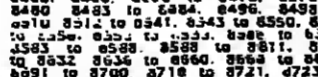
COMMUNITY Appointments Ltd. trades training, administrators and economists. Tel. Graham Stewart. 01-438 1701.

APPOINTMENTS WANTED

BOND DRAWING

AREE S.A. Acteurs Reunis de Sarbach, 8th, Drottninge Societe Anonyme 15, avenue de la Liberté LUXEMBOURG

COMPANY NOTICES



FORD INTERNATIONAL CAPITAL CORPORATION

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INTERNATIONAL APPOINTMENTS

THE COLLEGE OF ENGINEERING KING ABDULAZIZ UNIVERSITY, JEDDAH SAUDI ARABIA

The college of Engineering, King Abdulaziz University, Jeddah, Saudi Arabia, invite applications for Ph.D. Physicists and Chemists. We need Physicists to teach and/or run an undergraduate laboratory, an applied program in electro-optics and Nuclear Physics.

The pay scales are comparable with those of U.S.A. A housing or a housing allowance is provided. There is no local income tax. A maximum of four Air travel tickets are issued for use of employee and family including the 2 months summer vacation.

In applying please specify the position you wish to be considered for and enclose your curriculum vitae and supporting documents with names of two references and a summary of your Ph.D. Thesis. Please reply not later than June 30, 1977, to:

College of Engineering, King Abdulaziz University, PO Box 1540, Jeddah, SAUDI ARABIA

CIVIL ENGINEER Emphasis on building and not less than 5 years' experience required for post of JOINT MANAGER CONTRACTING COMPANY IN THE GULF Attractive terms and conditions. TELEPHONE: 01-597 5644

GOING ABROAD TO WORK? We advise on contract terms and conditions with foreign employers and on related investment tax advantages for Foreign Employment Services. P.O. Box 10, 1299 Cornunghy, Switzerland.

UNIVERSITY OF PAPUA NEW GUINEA (PORT MORESBY) ASSISTANT ACCOUNTANT An Assistant Accountant is required to take charge of payroll, budgeting and insurance operations of the University. The successful candidate will be responsible for supervising the payroll department and will also be responsible for the preparation and presentation of the monthly financial statements.

LEADING TRINIDAD & TOBAGO ENGINEERING DESIGNERS, TECHNOLOGISTS, CONSTRUCTION MANAGERS, SITE INSPECTOR For work on design, procurement and construction plus large scale infrastructure and industrial projects. Submit full resume to: P.O. BOX 1262, PORT OF SPAIN TRINIDAD, WEST INDIES Unsuitable applications will not be acknowledged.

COMPANY NOTICES



FORD INTERNATIONAL FINANCE CORPORATION

NOTICE OF EFFECTIVE DATE FOR ADJUSTMENT OF CONVERSION RATE FOR THE 5% CONVERTIBLE GUARANTEED DEBENTURES DUE 1988

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FORD INTERNATIONAL CAPITAL CORPORATION

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BAVERD UNIVERSITY NIGERIA Applications are invited for various posts in the DEPARTMENT OF SCIENCE: 1. ACCOUNTING DIVISION: LECTURER IN READER IN ACCOUNTING ASSISTANT LECTURER IN GRADUATE ASSISTANT LECTURER IN ACCOUNTING... 2. BUSINESS ADMINISTRATION: SENIOR LECTURER IN BUSINESS ADMINISTRATION... SENIOR LECTURER IN BUSINESS ADMINISTRATION... SENIOR LECTURER IN BUSINESS ADMINISTRATION...

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE Chancery Division COMPANIES ACT 1947, Section 125. In the Matter of G. AND T. TYPERITTING LIMITED and in the Matter of the Companies Act 1947. NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company has been presented to the said Court by the creditor of the said Company, Messrs. G. AND T. TYPERITTING, a member of the above-named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Court of Justice, Strand, London, W.C.2A at 11.00 a.m. on the 23rd day of June 1977, and any creditor or contributory of the said Company desiring to support or oppose the winding up of the said Company must appear at the date of the hearing, in person or by his counsel or by his solicitor, and a copy of the Petition will be furnished to the undersigned if so directed by the undersigned in writing. The undersigned is a member of the above-named Company and is authorised to act for the purposes of this notice. CHARLES HUNT & CO., 11, Sun Street, London, E.C.4. Ref. No. Tel: 01-247 3333. Solicitors for the Petitioner.

PUBLIC NOTICES

LOCAL AUTHORITY BILLS passed 11th May 1977 at 7.15 p.m. LEICESTER CITY COUNCIL. 1. 1977 Local Authorities (Bills) Bill. Applications invited for the appointment of 12 members to the Central Regional Council. Applications invited for the appointment of 12 members to the Central Regional Council.

COMPANY NOTICES

UNILEVER N.V. DIVIDEND ON CERTIFICATES FOR ORDINARY CAPITAL ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

Final dividends in respect of the year 1976 will be paid on or after 23rd May 1977 as follows: SUB-SHARES OF FL12 IN THE NAME OF MIDLAND BANK EXECUTOR AND TRUSTEE COMPANY LIMITED - net MIDLAND BANK TRUST COMPANY LIMITED A dividend Serial No. 98 of FL3.096 per sub-share, equivalent to 72,761 pence, convertible into Dutch guilder.

A dividend of FL1.16 per FL20 against surrender of Coupon No. 58. Coupons may be cashed through one of the paying agents in the Netherlands or through Midland Bank Limited in the latter case they must be listed on the special Form obtained from the Bank which contains a declaration that the certificates do not belong to a Netherlands resident. Certificates for claims relief from Dutch dividend tax at only 15% must be submitted to a Dutch tax authority.

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WALL STREET + OVERSEAS MARKETS FOREIGN EXCHANGES Yen recovers

BY OUR WALL STREET CORRESPONDENT

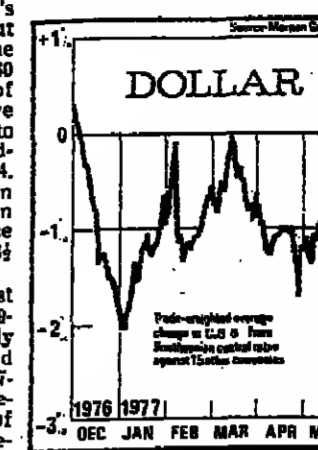
NEW YORK, May 12

THE DECLINE continued on Wall Street today, with investors concerned regarding the Federal Reserve's higher credit stance this month because of strong seasonal growth in Money Supply.

while IC Industries rose \$1 in 2 1/2, after predicting record 1977 yields. Mega Petroleum was up \$1 at \$34, and Ceacex \$1 at \$121 - the companies announced a gas find in Texas, to which each hold a 50 per cent interest in the well.

Foods and Electrics did well but Motors, Metals and Chemicals slipped back. American stocks were lower in line with overnight Wall Street, as were International Oils. Germans were narrowly off, while British Foreign stocks were generally flat.

The Japanese yen showed little change on balance in the foreign exchange market yesterday, after krugerrand's premium over its gold content narrowed to 3 1/2 per cent from 3.30 per cent, from 3.31 per cent reported to be dependent on Saudi Arabia for about 30 per cent of its oil imports and 2 1/2 per cent of its international market.



GOLD MARKET table with columns for Gold, Silver, and Platinum prices in London and other locations.

FOREIGN EXCHANGE table showing rates for various currencies including New York, London, and others.

SPECIAL DRAWING table with columns for May 11 and May 10, listing various financial instruments.

RIGHTS RATES table listing rates for various companies and currencies.

EXCHANGE CROSS-RATES table showing rates for Frankfurt, New York, Paris, and other major cities.

EURO-CURRENCY INTEREST RATES table listing interest rates for various terms and currencies.

FORWARD RATES table showing forward exchange rates for various currencies.

GERMANY table listing exchange rates for various German currencies.

TOKYO table listing exchange rates for various Japanese currencies.

AMSTERDAM table listing exchange rates for various Dutch currencies.

COPENHAGEN table listing exchange rates for various Danish currencies.

MILAN table listing exchange rates for various Italian currencies.

VIENNA table listing exchange rates for various Austrian currencies.

PARIS table listing exchange rates for various French currencies.

BRUSSELS/LUXEMBOURG table listing exchange rates for various Belgian currencies.

STOCKHOLM table listing exchange rates for various Swedish currencies.

SWITZERLAND table listing exchange rates for various Swiss currencies.

SPAIN table listing exchange rates for various Spanish currencies.

Vertical text on the right edge of the page, possibly from another page or a scanning artifact.

Closing prices and market reports were not available for this edition.

another \$20 to \$21.63, and the NYSE All Common Index lost a further 30 cents to \$53.78, while the trading volume expanded 250,000 shares in 9.2m, compared with none yesterday.

Polaird Eastman Kodak's major competitor, the instant camera field, fell \$2 to \$31. Prices also were lower on the American SE, where the Market Value Index declined 0.48 to 115.35, while the trading volume expanded 31,000 shares in 1.9m, compared with none yesterday.

Canada down again Canadian Stock Markets lost further ground in moderate trading yesterday morning. The Metals and Minerals Index gave way 4 1/2 to 1068.3, Golds \$1 to 1025.5, Oil and Gas \$6 in 1001.3. Banks fell 1.49 to 214.00.

INTERNATIONALS - Mixed to lower in slow trading. Steels declined. Oils finished steady. Chemicals were firm. Holdings were narrowly mixed, while Non-Ferrous Metals advanced a little.

WEDNESDAY'S ACTIVE STOCKS table listing various stocks and their price changes.

Indices NEW YORK - DOW JONES table listing various market indices and their values.

STANDARD AND POORS table listing Standard & Poor's indices and their values.

OVERSEAS SHARE INFORMATION table listing various international stocks and their prices.

NEW YORK table listing various New York stocks and their prices.

STOCK table listing various stocks and their prices.

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N.Y.S.E. ALL COMMON table listing various New York Stock Exchange common stocks.

MONTREAL table listing various Montreal stocks and their prices.

TORONTO table listing various Toronto stocks and their prices.

JOHANNESBURG table listing various Johannesburg stocks and their prices.

Australia table listing various Australian stocks and their prices.

Belgium table listing various Belgian stocks and their prices.

Denmark table listing various Danish stocks and their prices.

France table listing various French stocks and their prices.

Germany table listing various German stocks and their prices.

Holland table listing various Dutch stocks and their prices.

Hongkong table listing various Hong Kong stocks and their prices.

Italy table listing various Italian stocks and their prices.

Japan table listing various Japanese stocks and their prices.

Singapore table listing various Singapore stocks and their prices.

Rises and Falls table listing various market movements and price changes.

MONTECARLO table listing various Monte Carlo stocks and their prices.

Stocks table listing various international stocks and their prices.

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Notes: Overseas prices shown below are based on various market data and trends.

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FARMING AND RAW MATERIALS

Downtrend in wool auctions

WELLINGTON, May 12. NEW ZEALAND Marketing Board had to mount a high operation to hold up the price of short shear wool...

Farmland losses 'could pose long-term threat'

EVERY EFFORT should be made to ensure that farmland losses are kept to a minimum, according to a special report issued yesterday by the Agricultural Economic Development Committee.

Bacon price rises likely next week

BACON RASHERS could be up to 3p a lb dearer in the shops next week as a result of further first-hand price rises...

WORLD COBALT SUPPLIES Price rise forecast angers Zaire

THE FIGHTING in Shaba province, the metals producing region of Zaire, has prompted the U.S. Government to commission a study of cobalt availability. The report, prepared for the Interior Department...

S. coffee tastings

WASHINGTON, May 12. COFFEE tastings for the quarter of this year totalled 100 bags, compared with 100 bags for the final quarter of last year...

Soviet grain sowing on schedule

SPRING SOWING in the Soviet Union is proceeding on schedule at the halfway stage in the sowing season after a full inactivity during late April caused by heavy rain.

Potato glut warning

THE PRICES of new home-grown potatoes in June are likely to be the lowest they have been since 1952, according to the National Federation of Fruit and Potato Traders.

EEC in Lomé group sugar talks

THE EEC Commission and Lomé Convention sugar-producing countries are to-day locked in negotiations over the terms on which the EEC will import about 1.3m. tonnes of raw sugar during the coming year...

SOYABEAN SE DELAYED

CHICAGO, May 12. ON the main portion of commodity Futures Trading session case involving the family has been put off until Tuesday.

China wheat credit plan

FIVE KEY MEMBERS of the Senate Agricultural Committee have urged early Senate action on a proposal to encourage wheat sales to the People's Republic of China by making them eligible for Commodity Credit Corporation credit terms.

Wool futures

Spot prices were slightly higher, but more distant positions were slightly lower in the wool futures market.

PRICE CHANGES

Table with columns for Metals, Grains, and other commodities, showing price changes per tonne.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for SE METALS, RUBBER, SOYABEAN MEAL, SILVER, COCAOA, and SUGAR, showing market reports and prices.

COFFEE

Table showing coffee prices for various grades and origins.

U.S. Markets

Table showing U.S. market prices for various commodities including coffee, sugar, and metals.

COMPANY NOTICES

ONSOLATED COMPANY, BULTFONTEIN MINE, LIMITED. GRUQUALAND WEST DIAMOND MINING COMPANY, DUTOITSAN MINE, LIMITED. ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. CANADIAN PACIFIC LIMITED. REAL JAPANESE GOVERNMENT.

GRAINS

Table showing grain prices for various types of wheat, barley, and other grains.

FINANCIAL TIMES

Table showing financial data including stock prices, interest rates, and other market indicators.

STOCK EXCHANGE REPORT

Buyers return in force and index jumps 13.6 to 470.2 Demand centred on leading issues—Long Gilts good.

Account Dealing Dates Option First Declara- Last Account Dealings tions Dealings Day Apr. 25 May 5 May 17 May 19 May 20 May 31 May 23 Jun. 8 Jun. 10 Jun. 21

strength was modest speculative interest which subsequently tempted institutional buyers into action. A stock shortage gave the movement impetus and medium-term gains quickly overcame a slight reactionary tendency in the afternoon to close with gains ranging to a full point and more.

B 5 up at 174p. Buying ahead of next Tuesday's preliminary results helped Blockleys put on 5 to 62p, while renewed speculative support lifted A. 30mk 4 to 85p.

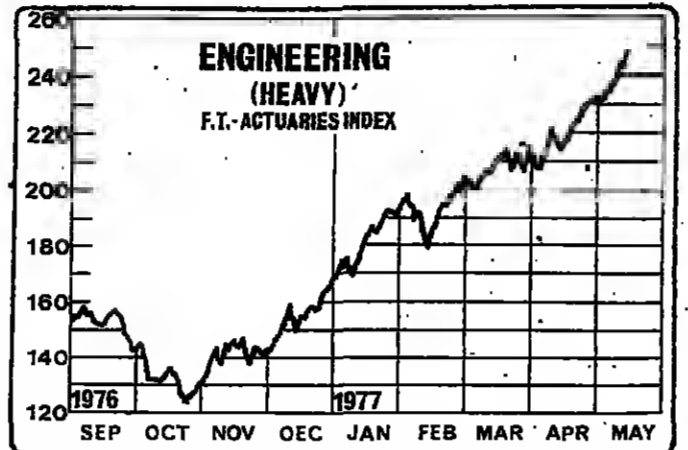
to 72p on interim loss, which was in line with expectations, and the mildly cheerful accompanying statement. NBS Newsagents added 4 1/2 to 72p after the first-half figures with Martin the Newspaper putting on 6 to 152p in sympathy.

Good trade in Shell, up 10 at 550p, after 556p, following the denial that a rights issue was being contemplated and the proposal to submit another request to the Treasury for dividend control exception.

Properties enjoyed a firm and lively session. Bridgewater Estate closed 17 higher at 240p following news that British Land, up 2 at 47p, had acquired a 15.5 per cent stake in the company.

FINANCIAL TIMES STOCK INDEX Table with columns for May 1977 and May 1976, listing various indices like Government, Industrial, and Total.

HIGHS AND LOWS S.E. A.C. Table listing high and low prices for various stocks like Govt. Secs, Fixed Int., and Gold Mines.



awaiting further news of the big discussions. Storey Bros. rose 8 more to 121p. Federated hardened 3 to 66p awaiting to-day's annual figures.

proposed share sub-division which appeared excellent results on April 19. GRN added 19 at 350p, after 352p, while Vickers were 5 to the good at 186p, after 187p.

Overseas Traders were notable for a rise of 8 to 305p in James Finlay and of 12 to 575p in Harrolds and Crossfield.

Part from being encouraged by the previous day's relatively mild reaction, buyers were also emboldened by further cheerful comment on the North Sea oil potential and the implications for the U.K.'s balance of trade.

Banks up A much livelier business developed in the big four banks, with gains to 7 at 400p, 232p, Midland, 302p and NatWest, 237p.

Reynolds up afresh Already a 20d market at 211p, Reynolds advanced afresh to close 15 higher at 217p following the Prime Minister's statement that the proposed Orax B power station would have to be ordered whatever the result of present discussions.

Shares made progress with House of Fraser rising 5 more to 124p on continuing bid hopes.

Shell improve Oil's passed a firm and lively session, sentiment being helped by news of the favourable results from Royal Dutch-Shell. There was a

higher at 157p following Press comment on the full report and accounts, while Furness, Withy, Ocean Transport, 171p, put on 3 and 5 respectively.

on 3 more to a 1977 high on local demand. General Mining 615.5 following news of a £15 million dividend. Wasted Africa had closed at 112 despite the increased half-year interim dividend.

Gilts strong A strong extension of Wednesday's upturn in long-dated Gilt-edged was completely unpredictable at the opening yesterday when the trend at both ends of the market appeared a little soft reflecting an indifferently Press coverage on factors affecting market sentiment.

Buildings were busier and displayed widespread gains. Cement shares came in firmer with AP 6 to the good at 198p, Aberthaw 8 higher at 102p and Tunnel

Shares made progress with House of Fraser rising 5 more to 124p on continuing bid hopes.

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FOR THE MAXIMUM EMPLOYMENT OF PEOPLE, PLANT AND CAPITAL IN A MIXED ECONOMY, THE STOCKHOLDER IN STEEL HAS A VITAL ROLE TO PLAY

Extracts from the Chairman's annual statement by S. John Woolridge, National Association of Steel Stockholders.

'Steel is an exciting metal and the Steel Industry a dominant part of the industrial scene. The Stockholding sector is one of continuous change in company structure and product orientation and its real growth has taken place within the working lifetime of most of the executives currently employed within it.'

The bulk of Stockholders are more than willing to support the British Producers but their performance in commercial, technical and time terms has to be reliable.

The Stockholder has a very natural role to fulfil in the market place by relieving consumers of the need to carry excessive stocks of Steel.

Hence the Nation's capital resources can be better employed through greater utilisation of the Steel Stockholder network'

Stockholder Steel logo and text: 'Stockholder Steel Helps keep the steel flowing. The National Association of Steel Stockholders, Leming House, 145, Avenue, Croydon, Surrey, CR9 3RU.'

RECENT ISSUES

Table of Recent Issues with columns for Issue Name, Price, and Date.

FIXED INTEREST STOCKS

Table of Fixed Interest Stocks with columns for Stock Name, Price, and Yield.

"RIGHTS" OFFERS

Table of Rights Offers with columns for Stock Name, Price, and Details.

ACTIVE STOCKS

Table of Active Stocks with columns for Stock Name, Price, and Change.

OPTIONS TRADED

Table of Options Traded with columns for Stock Name, Price, and Details.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table of FT-Actuaries Share Indices with columns for Equity Groups, Sub-sections, and various indices.

FIXED INTEREST

Table of Fixed Interest with columns for Yield, Price, and Details.

NEW HIGHS AND LOWS FOR 1977

Table of New Highs and Lows for 1977 with columns for Stock Name, High, and Low.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Brown Shipley & Co. Ltd., Guinness Royal Ex. Unit Mgmt. Ltd., and others with their respective details and performance metrics.

Table of Offshore and Overseas Funds listing various international investment funds such as Fidelity Mgmt. & Res. (Bda.) Ltd., and others with their respective details and performance metrics.

BASE LENDING RATES

Table of Base Lending Rates for various banks including Lloyds Bank, HSBC, and others, showing rates for different terms and currencies.

GOOD PRICE MOVEMENTS

Table of Good Price Movements showing price changes for various commodities and goods such as wheat, sugar, and other agricultural products.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds listing various insurance companies, property management firms, and bond funds with their respective details and services.

NOTES

Notes section providing additional information and disclaimers regarding the data presented in the tables.

CLIVE INVESTMENTS LIMITED advertisement, including contact information and details about their investment services and Coral Index.

INSURANCE BASE RATES advertisement, providing information about insurance rates and contact details for Clive Investments Limited.

HEALEY & BAKER SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE. Established 1820 in London. 29 St. George Street, Hanover Square, London W1A 3EG. Tel: 01-629 9292. CITY OF LONDON 118 OLD BROAD STREET LONDON EC2N 1AR 01-523 4361

FT SHARE INFORMATION SERVICE

INDUSTRIALS

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Div. Yield, and various performance metrics. Includes sub-sections for 'Shorts' (lives up to five years) and 'Over Fifteen Years'.

INTERNATIONAL BANK

Table of International Bank shares with columns for Stock, Price, Div. Yield, and other financial data.

CORPORATION BONDS

Table of Corporation Bonds with columns for Stock, Price, Div. Yield, and other financial data.

COMMONWEALTH & AFRICAN BONDS

Table of Commonwealth & African Bonds with columns for Stock, Price, Div. Yield, and other financial data.

LOANS (Miscellaneous)

Table of various Loans with columns for Stock, Price, Div. Yield, and other financial data.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, Div. Yield, and other financial data.

U.S. & I.M. prices exclude inc. 5 premium

CANADIANS

Table of Canadian shares with columns for Stock, Price, Div. Yield, and other financial data.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase companies with columns for Stock, Price, Div. Yield, and other financial data.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics companies with columns for Stock, Price, Div. Yield, and other financial data.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits companies with columns for Stock, Price, Div. Yield, and other financial data.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV companies with columns for Stock, Price, Div. Yield, and other financial data.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads companies with columns for Stock, Price, Div. Yield, and other financial data.

S.E. List Premium 45% (based on 100/112 per cent)

BUILDING INDUSTRY—Continued

Continuation of Building Industry table with columns for Stock, Price, Div. Yield, and other financial data.

CHEMICALS, PLASTICS

Continuation of Chemicals and Plastics table with columns for Stock, Price, Div. Yield, and other financial data.

BEERS, WINES AND SPIRITS

Continuation of Beers, Wines and Spirits table with columns for Stock, Price, Div. Yield, and other financial data.

CINEMAS, THEATRES AND TV

Continuation of Cinemas, Theatres and TV table with columns for Stock, Price, Div. Yield, and other financial data.

BUILDING INDUSTRY, TIMBER AND ROADS

Continuation of Building Industry, Timber and Roads table with columns for Stock, Price, Div. Yield, and other financial data.

S.E. List Premium 45% (based on 100/112 per cent)

Drapery and Stores—Continued

Continuation of Drapery and Stores table with columns for Stock, Price, Div. Yield, and other financial data.

ELECTRICAL AND RADIO

Table of Electrical and Radio companies with columns for Stock, Price, Div. Yield, and other financial data.

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools companies with columns for Stock, Price, Div. Yield, and other financial data.

Drapery and Stores

Table of Drapery and Stores companies with columns for Stock, Price, Div. Yield, and other financial data.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads companies with columns for Stock, Price, Div. Yield, and other financial data.

S.E. List Premium 45% (based on 100/112 per cent)

ENGINEERING—Continued

Continuation of Engineering table with columns for Stock, Price, Div. Yield, and other financial data.

ENGINEERING, MACHINE TOOLS

Continuation of Engineering and Machine Tools table with columns for Stock, Price, Div. Yield, and other financial data.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. companies with columns for Stock, Price, Div. Yield, and other financial data.

HOTELS AND CATERERS

Table of Hotels and Caterers companies with columns for Stock, Price, Div. Yield, and other financial data.

AMERICANS

Table of American shares with columns for Stock, Price, Div. Yield, and other financial data.

S.E. List Premium 45% (based on 100/112 per cent)

Main table of share information with columns for Stock, Price, Div. Yield, and other financial data. Includes various industrial and service sector companies.

Conversion factor 0.8663 (0.8663)

JPY 10 1250

INDUSTRIALS - Continued. Table listing various industrial companies and their stock prices.

MOTORS, AIRCRAFT TRADES. Motors and Cycles, Commercial Vehicle, Components, Garages and Distributors.

PROPERTY - Continued. Table listing property-related companies and their stock prices.

TRUSTS - Continued. Table listing various trusts and their stock prices.

SHIPPERS, REPAIRERS, SHIPPING, SOUTH AFRICANS, SHOES AND LEATHER, TEXTILES.

NOMURA The Nomura Securities Co., Ltd. Japanese member of the International Securities and Exchange Association.

MINES - Continued. CENTRAL AFRICAN, AUSTRALIAN.

TINS, OVERSEAS TRADERS.

RUBBERS AND SISALS, TEAS, India and Bangladesh, Sri Lanka, Africa.

MINES, CENTRAL RAND, EASTERN RAND, FAR WEST RAND.

TRUSTS, FINANCE, LAND, Investment Trusts.

PROPERTY, TOBACCO.

INSURANCE.

DIAMOND AND PLATINUM.

REGIONAL MARKETS. The following is a selection of London quotations of shares previously listed only in regional markets.

OPTIONS. 3-month Call rates.

NOTES. Unless otherwise indicated, prices and net dividends are in pence and denominated in pence.

NOTES (continued). Sterling denominated securities which include investment, dollar premium.

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BELL SCOTCH WHISKY

Ulster strike has cost over £25m.

BY KEVIN DONE IN NORTHERN IRELAND

THE EXTREME Loyalist strike, now in its 11th day, has cost Northern Ireland more than £25m., according to Government estimates.

But further important steps were taken yesterday to return life in the province to normal. Attention focused on the port of Larne in the heart of the Rev. Ian Paisley's constituency of Antrim North.

Larne. After being addressed by Mr. Paisley, the leader of the strike, they voted to continue their stoppage. They will meet again to-morrow.

British Rail surprised by plan for success

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

A COMMONS select committee yesterday told British Rail that it could attract 30 per cent more passengers, run more trains and cut its losses by almost a third in the next four years.

The timing of the report is critical because it comes two weeks before the expected publication of a White Paper on transport policy. It represents a determined attempt to swing Government opinion back behind the railways after last year's pessimistic transport consultation document.

Among the report's other recommendations are: greater power for local authorities in rail matters, including the designation of the Greater London Council as a passenger transport authority with the right to set fares and service levels; fairness of competition between public transport modes; no further general closure of passenger lines but experiments with buses taking the place of trains in selected areas; fares to keep pace with inflation and greater co-ordination of public transport by means of a national timetable for buses, trains and planes.

The committee also looked at ways of increasing transport revenue by local taxes on either residents or employers and went halfway towards suggesting that some form of fiscal measure may be necessary to discriminate in favour of public transport.

Full production at Saudi well 'within few days'

BY ANTHONY McDERMOTT

A FIRE, caused by a rupture in a crude oil pipeline, which threatened to halt 60 per cent of Saudi Arabia's production, was yesterday described by an Aramco spokesman in Dhahran as being "under control".

Europe and about one-quarter of Japan. The pipelines from these two fields are connected to a key gathering system in Abqaiq on way to the loading terminal at Ras Tanura, from where nearly all Saudi Arabia's oil is exported.

bad weather preventing unloading at Ras Tanura or crises which halt the pumping of oil.

The pipeline ruptured on Wednesday afternoon. Diplomats in Riyadh discounted the possibility of sabotage. The break occurred 100 yards from a vital LPG plant at Abqaiq, near the Gulf coast, about 200 miles north-east of Riyadh.

The main trunkline has been shut off, but according to oil sources, auxiliary pumping units are pumping to Ras Tanura at the reduced rate of 600,000 barrels a day. In the short term Saudi Arabia's exports should not suffer seriously.

Saudi Arabia and the UAE opted for rises of only 5 per cent in crude oil prices for this year at the last OPEC meeting.

Index rose 13.6 to 470.2

ROYAL DUTCH/SHELL NET INCOME

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Thanks partly to stock profits in the £75m-£100m range, first quarter net income of the Royal Dutch/Shell Group emerges somewhat above outside expectations at £416m.

Burton Group

The Burton Group's half-year figures bear a £2.3m provision against the planned reduction in its manufacturing capacity; plus further provisions of £400,000 relating to shop closures and £1m for "a major cost reduction programme".

Acroyd & Smith

In its last balance sheet Acroyd and Smith's net worth of £9.7m, and in the March it has made profits of £10.2m.

Weather

U.K. TODAY SUNNY patches, showers. Cold. London, S.E. Cent. S.E. England, Sunny, scattered showers developing. Max. 13C (55F).

Standard interest

Generale Occidentale said early last month that it is considering with its financial advisers what action it may take to raise the price of its shares to £10.

Continued from Page 1

Prior plan

would involve securing the National Coal Board on the unions' plans for a high-paying, pit-based bonus scheme. The union expects such a scheme to be exempted from any restrictions and economic growth funds after July 31.

Let-wingers on the executive who say a pit-based bonus plan is divisive and argue for much higher basic rates instead are reserving their attack until the negotiations are complete and the result is put to the annual conference in early July.

Mr. Norman Willis, TUC deputy general secretary, yesterday warned "powerful groups" not to use their industrial strength to win excessive pay demands.

He told the Civil Service union conference at Blackpool, that there might be some groups so powerful and crucial that they could achieve gains ahead of the rate of inflation. But if they did, they would be relying on other groups getting far less.

Peachey proxies back Board

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT

SIR ERIC MILLER, former chairman and managing director of Peachey Property Corporation, is expected to appeal to shareholders at the annual meeting to day to keep him on the Board against the wishes of the other directors.

Lord Mais and his colleagues have to win two votes to-day: one to defeat Sir Eric, who is standing for re-election; and the other to elect Mr. Douglas Chance as a director. Should Mr. Chance not be elected, Sir Eric would automatically continue in office even if defeated on a vote due to a clause in the Peachey articles of association.

Lord Mais said that even if he and his colleagues were defeated to-day they would not resign. "If I should lose I do not see how I and my two fellow-directors, having taken the line we have and given the information we have, could possibly walk out and leave the shareholders."

Liberal support VAT change

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT amended the Finance Bill with the help of the Liberals last night to raise the threshold at which traders have to register for value-added tax to £7,500 annual turnover from £5,000.

There was a majority of 21 (167-146) in the Commons for the Government amendment which introduces the new level from October 1. It will mean that 30,000 traders, mostly the self-employed, will be excluded from registering from VAT and that the Government will lose revenue of between £5m and £10m a year.

Mr. Jdho Pardoe, the Liberal economic spokesman, retorted: "I prefer to accept a bird in the hand rather than two birds in the bush."

Arab interest in Richard Costain sold for £15m.

THE 20 PER CENT shareholding in Richard Costain, the international construction group, held by Mr. M. Al-Fayed, of the United Arab Emirates, a director of the company, has been sold for just under £15m.

An announcement by the company, which earlier this week reported record pre-tax profits of £22.31m, said that the 7.63m Ordinary shares held by Mr. Al-Fayed had yesterday been placed on the market. It is understood that the shares have gone to as many as 50 different institutions and that they were all taken up within an hour.

Mr. Al-Fayed is to remain a director of Costain and maintains a nominal shareholding in the company.

The Conservatives voted against the Government amendment on the grounds that the figure should be set at £10,000. They were supported by the Scottish Nationalists.

Mr. David Howell, a Conservative Treasury spokesman, of Costain in May, 1975, and touted the Liberals in the Chamber last night and urged of them to stick to their principles.

Mr. J. R. Wells, finance director, said the company had "no misgivings" about the transaction. It was pleased that such a volatile and substantial block of shares had been broken up.

THE LEX COLUMN

FIFO aids Shell first quarter

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